

Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address  James C. Bastian, Jr. – Bar No. 175415 Rika Kido – Bar No. 273780 SHULMAN HODGES & BASTIAN LLP 100 Spectrum Center Drive, Suite 600 Irvine, California 92618 Telephone: (949) 340-3400 Facsimile: (949) 340-3000 Email: jbastian@shblp.com rkido@shblp.com  <input type="checkbox"/> Individual appearing without attorney <input checked="" type="checkbox"/> Attorney for: Lynda T. Bui, Chapter 7 Trustee	FOR COURT USE ONLY
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<b>UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA - RIVERSIDE DIVISION</b>	
In re:  JAMES ANDREW GONZALES and ESTELA ORTEGA GONZALES,   Debtor(s).	CASE NO.: 6:15-bk-13359-SY CHAPTER: 7  <b>NOTICE OF SALE OF ESTATE PROPERTY</b>

<b>Last Day to Submit Bids: 7/25/16</b>	
<b>Sale Date: Final Bidding Round/Court Hearing: 7/28/16</b>	<b>Time: 9:30 am</b>
<b>Location: United States Bankruptcy Court, 3420 Twelfth Street, Ctrm. 302, Riverside, CA 92501</b>	

**Type of Sale:** ☒ Public ☐ Private **Last date to file objections:** 07/14/2016

**Description of property to be sold:** Vacant Lot, Hwy 74, Perris, CA, APN: 349-060-043-3

**Terms and conditions of sale:** Free and clear of liens, if any, pursuant to Bankruptcy Code §§ 363(b)(1) and (f)  
Purchase price of \$18,400.00, subject to overbids. See attached for Bidding Procedures.

**Proposed sale price:** \$ 18,400.00

**Overbid procedure (if any):** Potential overbidders must bid an initial amount of at least \$2,600.00 over the consideration offered by the Buyer (total of at least \$21,000.00.) Minium bid increments after that shall be \$1,000.00

See attached for more information.

**If property is to be sold free and clear of liens or other interests, list date, time and location of hearing:**

July 28, 2016 at 9:30 a.m.

Courtroom 302

U.S. Bankruptcy Court

3420 Twelfth Street

Riverside, CA 92501

**Contact person for potential bidders (include name, address, telephone, fax and/or email address):**

Rika M. Kido, Esq.

SHULMAN HODGES & BASTIAN LLP

100 Spectrum Center Drive, Suite 600

Irvine, CA 92618

Telephone: (949) 340-3400

Facsimile: (949) 340-3000

Email: rkido@shbllp.com

Date: 07/07/2016

James C. Bastian, Jr. – Bar No. 175415  
Rika Kido – Bar No. 273780  
**SHULMAN HODGES & BASTIAN LLP**  
100 Spectrum Center Drive, Suite 600  
Irvine, California 92618  
Telephone: (949) 340-3400  
Facsimile: (949) 340-3000  
Email: jbastian@shbllp.com  
rkido@shbllp.com

Attorneys for Lynda T. Bui,  
Chapter 7 Trustee

**UNITED STATES BANKRUPTCY COURT**  
**CENTRAL DISTRICT OF CALIFORNIA, RIVERSIDE DIVISION**

In re  
**JAMES ANDREW GONZALES and**  
**ESTELA ORTEGA GONZALES,**  
Debtors.

Case No. 6:15-bk-13359-SY

Chapter 7

**CHAPTER 7 TRUSTEE’S MOTION FOR  
ORDER:**

**(1) APPROVING THE SALE OF REAL  
PROPERTY OF THE ESTATE FREE AND  
CLEAR OF LIENS PURSUANT TO  
BANKRUPTCY CODE §§ 363(b)(1) AND  
(f), SUBJECT TO OVERBIDS, COMBINED  
WITH NOTICE OF BIDDING  
PROCEDURES AND REQUEST FOR  
APPROVAL OF THE BIDDING  
PROCEDURES UTILIZED;**

**(2) APPROVING PAYMENT OF REAL  
ESTATE COMMISSION; AND**

**(3) GRANTING RELATED RELIEF;**

**MEMORANDUM OF POINTS AND  
AUTHORITIES AND DECLARATION OF  
LYNDA T. BUI IN SUPPORT THEREOF**

[Vacant Lot, Hwy 74, Perris, CA, APN: 349-060-  
043-3]

**Hearing Date:**

Date: July 28, 2016

Time: 9:30 a.m.

Place: Courtroom 302

United States Bankruptcy Court  
3420 Twelfth Street  
Riverside, CA 92501

**TO THE HONORABLE SCOTT H. YUN, UNITED STATES BANKRUPTCY  
JUDGE, THE OFFICE OF THE UNITED STATES TRUSTEE AND ALL INTERESTED  
PARTIES:**

Lynda T. Bui, the duly appointed, qualified and acting Chapter 7 trustee ("Trustee") for the bankruptcy estate ("Estate") of James Andrew Gonzales and Estela Ortega Gonzales ("Debtors"), hereby brings this Motion for Order: (1) Approving the Sale of Real Property of the Estate Free and Clear of Certain Liens Pursuant to Bankruptcy Code § 363(b)(1) and (f), Subject to Overbids, Combined With Notice of Bidding Procedures and Request for Approval of the Bidding Procedures Utilized; (2) Approving Payment of Real Estate Commission; and (3) Granting Related Relief ("Motion") as follows:

**I. INTRODUCTION**

The Trustee has received an offer from Heydar Arsalan Rad ("Buyer") to purchase the vacant lot located on Highway 74 in Perris, California, APN: 349-060-043-3 ("Property") for \$18,400.00 (more than the listing price), subject to overbids. Through the sale, the Trustee is expected to generate net proceeds of approximately \$15,720.74 for the benefit of the Estate and its creditors. In the event the purchase price is increased by a successful overbid, the estimated net proceeds will increase. If the sale is approved, the Estate will receive additional funds to provide for a distribution to unsecured creditors. In summary, the Trustee believes that good cause exists to grant the Motion so the Trustee does not lose this favorable business opportunity.

**II. RELEVANT FACTS**

**A. Case Background**

The Debtors filed a Voluntary Petition for relief under Chapter 11 of the Bankruptcy Code on April 3, 2015 ("Petition Date").

On May 27, 2015, the Court entered an order (Docket No. 5) appointing a Chapter 11 trustee as requested by the United States Trustee ("UST"). The Trustee was appointed the Chapter 11 trustee as pursuant to an Order entered on June 4, 2015 (Docket No. 58).

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On August 10, 2015, the Court entered an order approving the Trustee's request to convert this case to a case under Chapter 7 of the Bankruptcy Code (Docket No. 100). That same day, the UST appointed the Trustee as the duly appointed and acting Chapter 7 trustee of the Debtors' Estate (Docket No. 103).

**B. Claims Against the Estate**

The last day to timely file a proof of claim in the Debtors' bankruptcy case was November 23, 2015. Currently, there are twenty-two (22) claims filed in this case for a total amount of \$8,487,009.08, including secured claims for \$702,468.64, priority claims for \$6,475,463.06 (including a claim filed on November 20, 2015 by the County of Riverside Department of Code Enforcement in the amount of \$6,660,958.00) and an administrative claim in the amount of \$975.00.

**C. The Property and Sale of the Property**

The Debtors did not list the Property, which is legally described on page 3 of the Preliminary Title Report dated May 31, 2016 ("Title Report"), a copy of which is attached as **Exhibit "1"** to the Declaration of Lynda T. Bui ("Bui Decl."), on their Schedule A. Further, the Debtors did not claim any exemptions in the Property.

After conducting an on-site inspection, the Broker (defined below) informed the Trustee that the Property was worth approximately \$18,000.00 and that the Broker recommended listing the Property for sale at \$18,000.00.

The Buyer has offered to purchase the Property for \$18,400.00 (more than the listing price). The purchase price includes a deposit of \$3,000.00. Attached as **Exhibit "2"** to the Bui Decl. is a true and correct copy of the Vacant Land Purchase Agreement and Joint Escrow Instructions and Counteroffer re Purchase and Sale of Vacant Lot, APN: 349-060-043, Perris, CA 92570 (Riverside County) (collectively the "Agreement"). Given that the sale is subject to overbids, it is anticipated that the Trustee will receive the best and highest value for the Property and therefore the proposed sale price is fair and reasonable.

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Pursuant to the Title Report, the debtor James A. Gonzales holds title to the Property “a married man as his sole and separate property,” subject to this bankruptcy proceeding. The following chart sets forth the liens and encumbrances against the Property as detailed in the Title Report and the proposed treatment of such liens and encumbrances through the sale:

<u>Creditor</u>	<u>Description</u>	<u>Estimated Amount Owed</u>	<u>Treatment of Lien Through the Sale</u>
Tax Collector of the County of Riverside	Real property taxes: 1) Delinquent taxes for 2010 tax year totaling \$234.15; 2) Unpaid first installment of 2015-2016 assessment in the amount of \$99.24; and 3) Second installment of 2015-2016 assessment in the amount of \$137.87.	\$471.26	All outstanding real property taxes will be paid through escrow on the sale transaction.
County of Riverside	Notice of Noncompliance recorded on July 11, 2001, Recording No. 2001-316898.	N/A	The County of Riverside has indicated that it believe that the Property was brought in compliance, so the issues raised by this Notice will be resolved prior to the hearing on this Motion.
Donald R. Reightley and American Pension Services, Inc.	Deed of Trust recorded against the Property on February 28, 2002 in favor of Donald R. Reightley, as Trustee of the Reightley Company Profit Sharing Plan as to an undivided 60% interest and Lorelei Stevens, as Trustee of the Wall Street Brokers, Inc. Money Purchase Pension Plan and Trust, as to an undivided 40% interest, Recording No. 2002-104126 (“DOT”).  Assignment of the beneficial interest in the DOT to Donald R. Reightley, a married man as his sole and separate property as to an undivided 60% interest and American Pension Services, Inc., First Utah Bank, Custodian for IRA 2803 and IRA 6335, as to the remaining 40% interest,	\$0.00	This lien has been paid off. American Pension Services, Inc. executed a Substitution of Trustee and Full Reconveyance on June 29, 2016. Mr. Reightley has also confirmed that he will execute a Substitution of Trustee and Full Reconveyance. Thus, this lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien and the lien will <u>not</u> attach to the sale proceeds.

<u>Creditor</u>	<u>Description</u>	<u>Estimated Amount Owing</u>	<u>Treatment of Lien Through the Sale</u>
	Recording No. 2006-0947129.		
County of Riverside	Notice of Noncompliance recorded on June 1, 2010, Recording No. 2010-0251784.	N/A	The County of Riverside has indicated that it believe that the Property was brought in compliance, so the issues raised by this Notice will be resolved prior to the hearing on this Motion.
Jason A. Gonzales, a married man as his sole and separate property	Deed of Trust recorded against the Property on September 16, 2015 in favor of Jason A. Gonzales, Recording No. 2015-0412927.		Pursuant to the Settlement Agreement entered into between the Trustee, the Debtors, and Janelle A. Gonzales, Jason A. Gonzales and Jessica A. Darshay, which was approved pursuant to the Settlement Order entered on July 1, 2016, Docket No. 218, Jason Gonzales has reconveyed this lien back to the Estate. Thus, this lien has been released and will <b><u>not</u></b> attach to the sale proceeds.

All costs of sale, including escrow fees and real estate commissions will be paid at closing.

**D. Employment of Real Estate Broker**

On October 14, 2015, the Court entered an Order authorizing the employment of W. Darrow Fiedler of Keller Williams Realty/KW Commercial as the Trustee's real estate broker ("Broker") to assist her with listing and marketing the Property for sale, as well as negotiating a sale price to prospective buyers to provide a benefit to the Estate ("Employment Order"), Docket No. 126.

**E. Notice of Bidding Procedures**

The Trustee has determined that it would benefit the Estate to permit all interested parties to receive information and bid for the Property instead of selling the Property to the Buyer on an exclusive basis. Accordingly, in order to obtain the highest and best offer for the benefit of the creditors of this Estate, the Trustee also seeks Court approval of the following bidding procedures ("Bidding Procedures"):

1. Potential overbidder(s) must bid an initial amount of at least \$2,600.00 over the Purchase Price, or \$20,000.00. Minimum bid increments thereafter shall be \$1,000.00. The Trustee shall have sole discretion in determining which overbid is the best for the Estate and will seek approval from the Court of the same.

2. Overbids must be in writing and be received by the Trustee and the Trustee's counsel, Shulman Hodges & Bastian LLP to the attention of Rika M. Kido on or before **three (3) business days prior to the hearing on this Motion.**

3. Overbids must be accompanied by certified funds in an amount equal to three percent (3%) of the overbid purchase price.

4. The overbidder must also provide evidence of having sufficient specifically committed funds to complete the transaction, or a lending commitment for the bid amount and such other documentation relevant to the bidder's ability to qualify as the purchaser of the Property and ability to close the sale and immediately and unconditionally pay the winning bid purchase price at closing.

5. The overbidder must seek to acquire the Property on terms and conditions not less favorable to the Estate than the terms and conditions to which the Buyer has agreed to purchase the Property as set forth in the Agreement attached as **Exhibit "2"** to the Bui Decl. including closing on the sale of the Property in the same time parameters as the Buyer.

6. All competing bids must acknowledge that the Property is being sold on an "AS IS" basis without warranties of any kind, expressed or implied, being given by the Trustee, concerning the condition of the Property or the quality of the title thereto, or any other matters relating to the Property. The competing bid buyer must represent and warrant that he/she is purchasing the Property as a result of their own investigations and are not buying the Property pursuant to any representation made by any broker, agent, accountant, attorney or employee acting at the direction, or on the behalf of the Trustee. The competing bidder must acknowledge that he/she has inspected the Property, and upon closing of Escrow governed by the Agreement, the competing buyer forever waives, for himself/herself, their heirs, successors and assigns, all claims against the Debtors, her attorneys, agents and employees, the Debtors' Estate, Lynda T. Bui as Trustee and individually, and her attorneys, agents and employees, arising or which might otherwise arise in the future concerning the Property.

7. If overbids are received, the final bidding round for the Property shall be held at the hearing on the Motion in order to allow all potential bidders the opportunity to overbid and purchase the Property. At the final bidding round, the Trustee or her counsel will, in the exercise of their business judgment and subject to Court approval, accept the bidder who has made the highest and best offer to purchase the Property, consistent with the Bidding Procedures ("Successful Bidder").

8. At the hearing on the Motion, the Trustee will seek entry of an order, *inter alia*, authorizing and approving the sale of the Property to the Successful Bidder. The hearing on the Motion may be adjourned or rescheduled without notice other than by an announcement of the adjourned date at the hearing on the Motion.

9. In the event the Successful Bidder fails to close on the sale of the Property within the time parameters approved by the Court, the Trustee shall retain the Successful Bidder's Deposit and will be released from her obligation to sell the Property to the Successful Bidder and the Trustee may then sell the Property to the first back-up bidder approved by the Court at the hearing on the Motion ("First Back-Up Bidder").

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10. In the event First Back-Up Bidder fails to close on the sale of the Property within the time parameters approved by the Court, the Trustee shall retain the First Back-Up Bidder's Deposit and will be released from her obligation to sell the Property to the First Back-Up Bidder and the Trustee may then sell the Property to the second back-up bidder approved by the Court at the hearing on the Motion ("Second Back-Up Bidder").

The Bid Procedures will be provided to all creditors and any potential bidders or parties who have shown an interest in the Property. In addition, the Court's mandatory form Notice of Sale of Estate Property will be filed with the Court so that notice of the sale of the Property may be posted on the Court's website under the link "Current Notices of Sales," thereby giving notice to any potential interested parties.

Based on the foregoing, the Trustee believes that under the circumstances of this case, the Property will have been appropriately marketed for bidding.

### III. ARGUMENT<sup>1</sup>

#### A. There is a Good Business Reason for the Sale and the Sale is in the Best Interest of the Estate

The duties of a trustee in a Chapter 7 filing are enumerated in Section 704 of the Bankruptcy Code, which provide in relevant part as follows:

(a) The trustee shall—

(1) collect and reduce to money the property of the estate for which such trustee serves, and close such estate as expeditiously as is compatible with the best interests of parties in interest;

(2) be accountable for all property received;

...

11 U.S.C. § 704.

Further, the Trustee, after notice and hearing, may sell property of the estate. 11 U.S.C. § 363(b). Courts will ordinarily approve a proposed sale if there is a good business reason for the sale and the sale is in the best interests of the estate. *In re Wilde Horse Enterprises, Inc.*, 136 B.R. 830, 841 (Bankr. C.D. Cal. 1991); *In re Lionel Corp.*, 722 F.2d 1063, 1069 (2d Cir. 1983). In this case, the Trustee expects to generate net proceeds of approximately \$15,720.74. Accordingly, there is a good business reason for the sale and the sale is in the best interests of the Estate.

<sup>1</sup> Although Local Bankruptcy Rule 6004-1(c)(2)(C) does not require that a memorandum of points and authorities be filed in support of the Motion, the Trustee is nevertheless submitting one.

**B. The Proposed Sale Should be Allowed Free and Clear of Liens**

Bankruptcy Code Section 363(f) allows a trustee to sell property of the bankruptcy estate “free and clear of any interest in such property of an entity,” if any one of the following five conditions is met:

- (1) applicable non-bankruptcy law permits a sale of such property free and clear of such interest;
- (2) such entity consents;
- (3) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;
- (4) such interest is in bona fide dispute; or
- (5) such entity could be compelled, in a legal or equitable proceeding, to accept money satisfaction of such interest.

11 U.S.C. § 363(f).

Section 363(f) is written in the disjunctive and thus only one of the enumerated conditions needs to be satisfied for Court approval to be appropriate. Here, the sales price is greater than the aggregate amount of all liens against the Property as shown above. Based on the Title Report, other than the liens and encumbrances listed above, the Trustee is not aware of any liens and encumbrances impacting the Property. Out of an abundance of caution, the Trustee seeks to the sell the Property free and clear of all such liens and encumbrances pursuant to Section 363(f)(3) of the Bankruptcy Code, with all such liens and encumbrances not satisfied through the sale to attach to the proceeds of the sale with the same priority, validity, force and effect as they existed with respect to the Property before the closing of the sale pending further Court order or agreement with the parties.

**C. Request for Payment of Real Estate Commission**

Bankruptcy Code Section 328 allows employment of a professional person under Section 327 “on any reasonable terms and conditions of employment, including on a retainer, on an hourly basis, on a fixed or percentage fee basis, or on a contingent fee basis.” 11 U.S.C. § 328(a). Through this Motion, as provided in the Agreement, the Trustee seeks authorization to

1 pay a real estate broker commission (as they have agreed amongst themselves in the Agreement)  
2 in the amount of ten percent (10%) of the purchase price (or \$1,840.00).<sup>2</sup>

3 **D. The Court has the Authority to Waive the Fourteen-Day Stay of Sale**

4 Federal Rule of Bankruptcy Procedure 6004(h) provides that “[a]n order authorizing the  
5 use, sale or lease of property other than cash collateral is stayed until the expiration of 14 days  
6 after entry of the order, unless the Court orders otherwise.” Fed. Rule Bankr. P. 6004(h).

7 The Trustee desires to close the sale of the Property as soon as practicable after entry of  
8 an order approving the sale. Accordingly, the Trustee requests that the Court, in the discretion  
9 provided it under Federal Rule of Bankruptcy Procedure 6004(h), waive the fourteen (14) day  
10 stay requirement.

11 **III. CONCLUSION**

12 **WHEREFORE**, based upon the foregoing, the Trustee respectfully submits that good  
13 cause exists for granting the Motion and requests that the Court enter an order as follows:

- 14 1. Approving the Bidding Procedures set forth above for the sale of the Property.
- 15 2. Authorizing the Trustee to sell the Property on an as-is, where-is basis, without  
16 any warranties or representations, to the Buyer (or Successful Bidder) pursuant to the terms and  
17 conditions as set forth in the Agreement attached as **Exhibit “2”** to the Bui Decl.
- 18 3. Authorizing the sale of the Property free and clear of liens with liens not satisfied  
19 through the sale to attach to the sale proceeds in the same validity and priority as prior to the  
20 closing of the sale.
- 21 4. Authorizing the Trustee to pay from the proceeds of the sale of the Property all  
22 ordinary and customary costs of sale, including escrow fees.
- 23 5. Authorizing the Trustee to sign any and all documents convenient and necessary  
24 in pursuit of the sale as set forth above, including but not limited to any and all conveyances  
25 contemplated by the Agreement attached as **Exhibit “2”** to the Bui Decl.

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28 <sup>2</sup> The total amount of real estate broker’s commission will increase if the purchase price for the Property is increased  
through by a successful overbid; but in no event will exceed ten percent (10%) of the purchase price.

1           6.     A determination by the Court that the Buyer is in good faith pursuant to  
2 Bankruptcy Code Section 363(m).

3           7.     Approving the payment of the real estate commission in the total amount not to  
4 exceed ten percent (10%) of the purchase price.

5           8.     Waiving the fourteen day stay of the order approving the sale of the Property  
6 under Federal Rules of Bankruptcy Procedure 6004(h).

7           9.     For such other and further relief as the Court deems just and proper under the  
8 circumstances of this case.

9                               Respectfully submitted,

10                           **SHULMAN HODGES & BASTIAN LLP**

11     Dated: July 7, 2016

/s/ Rika M. Kido

James C. Bastian, Jr.

Rika M. Kido

Attorneys for Lynda T. Bui, Chapter 7 Trustee

for the bankruptcy state of James Andrew Gonzales and  
Estela Ortega Gonzales

# DECLARATION

**DECLARATION OF LYNDA T. BUI**

I, Lynda T. Bui, declare:

1. I am the duly appointed, qualified and acting Chapter 7 trustee for the bankruptcy estate of James Andrew Gonzales and Estela Ortega Gonzales ("Debtors"). I have personal knowledge of the facts set forth herein, and if called and sworn as a witness, I could and would competently testify thereto, except where matters are stated on information and belief, in which case I am informed and believe that the facts so stated are true and correct.

2. I make this Declaration in support of my Motion for Order: (1) Approving the Sale of Real Property of the Estate Free and Clear of Certain Liens Pursuant to Bankruptcy Code §§ 363(b)(1), Subject to Overbids, Combined With Notice of Bidding Procedures and Request for Approval of the Bidding Procedures Utilized; (2) Approving Payment of Real Estate Commission; and (3) Granting Related Relief ("Motion"). All capitalized terms not otherwise defined herein shall have the meaning set forth in the Motion.

3. I have read and I am aware of the contents of the Motion and the accompanying Memorandum of Points and Authorities. The facts stated in the Motion and the Memorandum of Points and Authorities are true to the best of my knowledge.

4. The last day to timely file a proof of claim in the Debtors' bankruptcy case was November 23, 2015. Currently, there are twenty-two (22) claims filed in this case for a total amount of \$8,487,009.08, including secured claims for \$702,468.64, priority claims for \$6,475,463.06 (including a claim filed on November 20, 2015 by the County of Riverside Department of Code Enforcement in the amount of \$6,660,958.00) and an administrative claim in the amount of \$975.00.

5. The Debtors did not list the Property, which is legally described on page 3 of the Preliminary Title Report dated May 31, 2016 ("Title Report"), a copy of which is attached hereto as **Exhibit "1"**, on their Schedule A. Further, the Debtors did not claim any exemptions in the Property.

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1           6.     After conducting an on-site inspection, the Broker informed me that the Property  
2 was worth approximately \$18,000.00 and that the Broker recommended listing the Property for  
3 sale at \$18,000.00.

4           7.     Heydar Arsalan Rad (the "Buyer") has offered to purchase the Property for  
5 \$18,400.00 (more than the listing price). The purchase price includes a deposit of \$3,000.00.  
6 Attached hereto as **Exhibit "2"** is a true and correct copy of the Vacant Land Purchase  
7 Agreement and Joint Escrow Instructions and Counteroffer re Purchase and Sale of Vacant Lot,  
8 APN: 349-060-043, Perris, CA 92570 (Riverside County) (collectively the "Agreement").

9           8.     Through the sale, I expect to generate proceeds of approximately \$15,720.74,  
10 which will benefit the Estate by providing funds for a distribution to the holders of unsecured  
11 claims.

12           9.     I believe that good cause exists to grant the Motion including approval of the  
13 Bidding Procedures to ensure receiving the highest and best offer for the Property.

14           10.    For the reasons set forth in the Motion and this Declaration, I respectfully request  
15 that the Court grant the Motion so that I do not lose this favorable business opportunity to net a  
16 substantial amount of money for the Estate.

17           I declare under penalty of perjury under the laws of the United States of America that the  
18 foregoing is true and correct.

19           Executed on July 7, 2016, at Irvine, California.

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Lynda T. Bui

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**EXHIBIT “1”**

**PRELIMINARY TITLE REPORT**





## Fidelity National Title Company

5000 Van Nuys Blvd., Suite 500, Sherman Oaks, CA 91403  
Phone: (818) 881-7800 • Fax: (818) 776-8528

Issuing Policies of Fidelity National Title Insurance Company

ORDER NO.: 00135298-994-VNO-SI

LOAN NO.:

Escrow Officer: Van Nuys Title Only EO  
Title Officer: Sheila Isham  
Phone: (818) 758-5718  
Fax: (818) 475-5013  
Email: sisham@fnf.com

A & A Escrow Services Inc  
415 N Crescent Dr, Ste 320  
Beverly Hills, CA 90210

ATTN: Antonia Delgado  
YOUR REF: Vacant Palm Desert

PROPERTY: Vacant Hwy 74, Palm Desert Area, , CA

### PRELIMINARY REPORT

*In response to the application for a policy of title insurance referenced herein, **Fidelity National Title Company** hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a policy or policies of title insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an exception herein or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations or Conditions of said policy forms.*

*The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Attachment One. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Attachment One. Copies of the policy forms should be read. They are available from the office which issued this report.*

*This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.*

*The policy(s) of title insurance to be issued hereunder will be policy(s) of Fidelity National Title Insurance Company, a California Corporation.*

*Please read the exceptions shown or referred to herein and the exceptions and exclusions set forth in Attachment One of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.*

*It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects and encumbrances affecting title to the land.*

Countersigned by:

*Cindy Fried*

Authorized Signature



**Fidelity National Title Company**

5000 Van Nuys Blvd., Suite 500, Sherman Oaks, CA 91403

Phone: (818) 881-7800 • Fax: (818) 776-8528

**PRELIMINARY REPORT**

**EFFECTIVE DATE:** May 31, 2016 at 7:30 a.m.

**ORDER NO.:** 00135298-994-VNO-SI

The form of policy or policies of title insurance contemplated by this report is:

**CLTA Standard Coverage Policy of Title Insurance (4-8-14)**

1. THE ESTATE OR INTEREST IN THE LAND HEREINAFTER DESCRIBED OR REFERRED TO COVERED BY THIS REPORT IS:

**A Fee**

2. TITLE TO SAID ESTATE OR INTEREST AT THE DATE HEREOF IS VESTED IN:

**James A. Gonzales, a married man as his sole and separate property, subject to proceedings pending in the bankruptcy court where a petition for relief was filed.**

**Name of Debtor:** James Andrew Gonzales and Estela Ortega Gonzales

**Date of Filing:** April 3, 2015

**U.S. District Court:** Central District of California

**Case No:** 6:15-bk-13359-SY

3. THE LAND REFERRED TO IN THIS REPORT IS DESCRIBED AS FOLLOWS:

**See Exhibit A attached hereto and made a part hereof.**

PRELIMINARY REPORT

YOUR REFERENCE: Vacant Palm Desert

Fidelity National Title Company

ORDER NO.: 00135298-994-VNO-SI

**EXHIBIT A**  
**LEGAL DESCRIPTION**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

THAT PORTION OF THE SOUTHWEST QUARTER OF SECTION 21, TOWNSHIP 5 SOUTH, RANGE 4 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT ON THE SOUTH LINE OF SAID SECTION, A DISTANCE OF 660 FEET WEST OF THE SOUTHEAST CORNER OF THE SOUTHWEST QUARTER OF SAID SECTION; THENCE NORTH A DISTANCE OF 330 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING NORTH A DISTANCE OF 330 FEET; THENCE WEST, A DISTANCE OF 660 FEET; THENCE SOUTH, A DISTANCE OF 330 FEET; THENCE EAST, A DISTANCE OF 660 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL THAT PORTION LYING SOUTHEASTERLY OF THE NORTHWESTERLY LINE OF HIGHWAY 74.

ALSO EXCEPTING THEREFROM THAT PORTION DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID NORTH HALF OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER AS SHOWN BY MAP ON FILE IN BOOK 17 OF RECORDS OF SURVEY AT PAGE 13 THEREOF, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA; THENCE SOUTH 00 DEGREES 23' 30" WEST ALONG THE WEST LINE OF SAID NORTH HALF OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER, A DISTANCE OF 226.98 FEET TO A POINT IN THE NORTHERLY LINE OF STATE HIGHWAY NO. 74, SAID POINT BEING ON A CURVE CONCAVE TO THE SOUTHEAST, HAVING A RADIUS OF 985.37 FEET, FROM WHICH THE CENTER OF SAID CURVE BEARS SOUTH 24 DEGREES 37' 26" EAST; THENCE NORTHEASTERLY ALONG SAID NORTHERLY LINE AND ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 02 DEGREES 01' 56" AN ARC DISTANCE OF 34.95 FEET TO THE END THEREOF; THENCE NORTH 67 DEGREES 24' 30" EAST ALONG SAID NORTHERLY LINE, A DISTANCE OF 41.35 FEET TO THE POINT THEREON; THENCE NORTH 00 DEGREES 23' 30" EAST AND PARALLEL WITH SAID WEST LINE, A DISTANCE OF 198.18 FEET TO A POINT IN THE NORTH LINE OF SAID NORTH HALF OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER; THENCE SOUTH 89 DEGREES 07' WEST ALONG SAID NORTH LINE, A DISTANCE OF 70.02 FEET TO THE POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM THAT PORTION DESCRIBED AS FOLLOWS:

BEING A PORTION OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 21, TOWNSHIP 5 SOUTH, RANGE 4 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN ON A MAP FILED IN BOOK 17, PAGE 13 OF RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT ON THE EASTERLY LINE OF LAND DESCRIBED IN A GRANT DEED RECORDED MARCH 12, 1962 AS INSTRUMENT NO. 22471 OF OFFICIAL RECORDS, IN SAID OFFICE OF SAID COUNTY RECORDER, DISTANT NORTHERLY THEREON, NORTH 01 DEGREES 03' 03" EAST, 23.024 METERS FROM THE SOUTHEASTERLY CORNER OF SAID LAND; THENCE SOUTHERLY ALONG SAID EASTERLY LINE, SOUTH 01 DEGREES 03' 03" WEST, 23.024 METERS TO SAID SOUTHEASTERLY CORNER, SAID SOUTHEASTERLY CORNER BEING A POINT ON THE NORTHWESTERLY LINE OF STATE HIGHWAY 74, 60.00 FEET WIDE (18.288 METERS) AS SHOWN ON SAID MAP; THENCE NORTHEASTERLY ALONG SAID NORTHWESTERLY LINE, NORTH 68 DEGREES 08' 04" EAST, 163.008 METERS TO A POINT ON THE NORTHERLY LINE OF THE SOUTH HALF OF SAID SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 21 AS SHOWN ON SAID MAP; THENCE WESTERLY ALONG SAID NORTHERLY LINE, SOUTH 89 DEGREES 41' 37" WEST, 63.307

PRELIMINARY REPORT

YOUR REFERENCE: Vacant Palm Desert

Fidelity National Title Company  
ORDER NO.: 00135298-994-VNO-SI

**EXHIBIT A**  
**(Continued)**

METERS; THENCE SOUTH 67 DEGREES 55' 48" WEST, 66.701 METERS; THENCE SOUTH 64 DEGREES 28' 46" WEST, 28.522 METERS TO THE POINT OF BEGINNING.

THE BEARINGS AND DISTANCES USED IN THE ABOVE DESCRIPTION ARE BASED ON THE CALIFORNIA COORDINATE SYSTEM OF 1983, ZONE 6. MULTIPLY DISTANCES SHOWN BY 1.00010548 TO OBTAIN GROUND LEVEL DISTANCES.

APN: 349-060-043-3

[APN MAP](#)

[PLOTTED MAP](#)

PRELIMINARY REPORT

YOUR REFERENCE: Vacant Palm Desert

Fidelity National Title Company  
ORDER NO.: 00135298-994-VNO-SI**EXCEPTIONS****AT THE DATE HEREOF, ITEMS TO BE CONSIDERED AND EXCEPTIONS TO COVERAGE IN ADDITION TO THE PRINTED EXCEPTIONS AND EXCLUSIONS IN SAID POLICY FORM WOULD BE AS FOLLOWS:**

1. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2016-2017.
2. Property taxes, including any personal property taxes and any assessments collected with taxes are as follows:

Code Area: 065-193  
 Tax Identification No.: 349-060-043-3  
 Fiscal Year: 2015-2016  
 1st Installment: \$90.22 Delinquent plus penalty \$9.02  
 2nd Installment: \$90.22 Delinquent plus penalty \$47.65  
 Exemption: \$0.00  
 Land: \$14,864.00  
 Improvements: \$0.00  
 Personal Property: \$0.00  
 Bill No.: 240822

3. Said property has been declared tax defaulted for non-payment of delinquent taxes for the fiscal year 2010-2011.

APN No.: 349-060-043-3  
 Default Date: June 30, 2011

Amounts to redeem for the above-stated fiscal year (and subsequent years if any) are:

Amount: \$234.15, by June 30, 2016

4. The lien of supplemental or escaped assessments of property taxes, if any, made pursuant to the provisions of Chapter 3.5 (commencing with Section 75) or Part 2, Chapter 3, Articles 3 and 4, respectively, of the Revenue and Taxation Code of the State of California as a result of the transfer of title to the vestee named in Schedule A or as a result of changes in ownership or new construction occurring prior to Date of Policy.

Note: If said supplementals (if any) are not posted prior to the date of closing, this company assumes no liability for payment thereof.

5. Water rights, claims or title to water, whether or not disclosed by the public records.
6. Intentionally Deleted.
7. Intentionally Deleted.
8. Matters contained in that certain document

Entitled: Notice of Noncompliance Case No. CV 99-2448  
 Recording Date: July 11, 2001  
 Recording No: [2001-316898](#), Official Records

Reference is hereby made to said document for full particulars.

PRELIMINARY REPORT

YOUR REFERENCE: Vacant Palm Desert

Fidelity National Title Company  
ORDER NO.: 00135298-994-VNO-SI**EXCEPTIONS**  
**(Continued)**

Matters contained in that certain document

Entitled: Case No. CV 99-2448 – Findings of Fact, Conclusions and Order to Abate Nuisance  
 Recording Date: March 28, 2002  
 Recording No: [2002-156753](#), Official Records

Reference is hereby made to said document for full particulars.

## 9. A deed of trust to secure an indebtedness in the amount shown below,

Amount: \$110,000.00  
 Dated: January 3, 2002  
 Trustor/Grantor: James A. Gonzales, a married man as his sole and separate property  
 Trustee: Escrow Chalet, Inc., a California Corporation  
 Beneficiary: Donald R Reightley, as Trustee of the Reightley Company Profit Sharing Plan as to an undivided 60% interest and Lorelei Stevens, as Trustee of the Wall Street Brokers, Inc. Money Purchase Pension Plan and Trust, as to an undivided 40% interest  
 Loan No.: As provided therein  
 Recording Date: February 28, 2002  
 Recording No: [2002-104126](#), Official Records

This Company will require that the original note, the original deed of trust and a properly executed request for full reconveyance together with appropriate documentation (i.e., copy of trust, partnership agreement or corporate resolution) be in this office prior to the close of this transaction if the above-mentioned item is to be paid through this transaction or deleted from a policy of title insurance.

Any demands submitted to us for payoff must be signed by all beneficiaries as shown on said deed of trust, and/or any assignments thereto. In the event said demand is submitted by an agent of the beneficiary(s), we will require the written approval of the demand by the beneficiary(s). Servicing agreements do not constitute approval for the purposes of this requirement.

If no amounts remain due under the obligation a zero balance demand will be required along with the reconveyance documents.

In addition, we require the written approval of said demand by the trustor(s) on said deed of trust or the current owners if applicable.

An assignment of the beneficial interest under said deed of trust which names:

Assignee: Donald R. Reightley, a married man as his sole and separate property as to an undivided 60% interest and American Pension Services, Inc., First Utah Bank, Custodian for IRA 2803 and IRA 6335, as to the remaining 40% interest  
 Recording Date: December 28, 2006  
 Recording No: [2006-0947129](#), Official Records

## 10. Matters contained in that certain document

Entitled: Notice of Noncompliance Case No. CV10-01241  
 Recording Date: June 1, 2010  
 Recording No: [2010-0251784](#), Official Records

Reference is hereby made to said document for full particulars.

PRELIMINARY REPORT

YOUR REFERENCE: Vacant Palm Desert

Fidelity National Title Company  
ORDER NO.: 00135298-994-VNO-SI**EXCEPTIONS**  
**(Continued)**

Matters contained in that certain document

Entitled: Notice of Pendency of Administrative Proceedings Case No. CV10-01241  
 Recording Date: December 19, 2011  
 Recording No: [2011-0558996](#), Official Records

Reference is hereby made to said document for full particulars.

Matters contained in that certain document

Entitled: Case No. CV10-01241 – Findings of Fact, Conclusions and Order to Abate Nuisance  
 Recording Date: March 19, 2013  
 Recording No: [2013-0131107](#), Official Records

Reference is hereby made to said document for full particulars.

11. A deed of trust to secure an indebtedness in the amount shown below,

Amount: \$20,000.00  
 Dated: April 1, 2015  
 Trustor/Grantor: James A. Gonzales, a married man as his sole and separate property  
 Trustee: Stewart Title of California, Inc.  
 Beneficiary: Jason Gonzales, a single man  
 Loan No.: As provided therein  
 Recording Date: September 16, 2015  
 Recording No: [2015-0412927](#), Official Records

The effect of a full reconveyance recorded May 12, 2016 at [2016-0193886](#), which purports to reconvey the above-mentioned Deed of Trust.

No statement is made hereto as to the effect or validity of said reconveyance.

The requirement that this Company be furnished with confirmation from the lender that the Deed of Trust has been released prior to issuance of a policy of title insurance.

**PLEASE REFER TO THE “INFORMATIONAL NOTES” AND “REQUIREMENTS” SECTIONS WHICH FOLLOW FOR INFORMATION NECESSARY TO COMPLETE THIS TRANSACTION.**

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**END OF EXCEPTIONS**

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## REQUIREMENTS SECTION

1. Any defect or invalidity of the title to said Land arising out of or occasioned by a violation of the Bankruptcy Code.
2. In order to complete this report, the Company requires a Statement of Information to be completed by the following party(s),

Party(s): All parties

The Company reserves the right to add additional items or make further requirements after review of the requested Statement of Information.

NOTE: The Statement of Information is necessary to complete the search and examination of title under this order. Any title search includes matters that are indexed by name only, and having a completed Statement of Information assists the Company in the elimination of certain matters which appear to involve the parties but in fact affect another party with the same or similar name. Be assured that the Statement of Information is essential and will be kept strictly confidential to this file.

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END OF REQUIREMENTS

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## INFORMATIONAL NOTES SECTION

1. Note: The policy of title insurance will include an arbitration provision. The Company or the insured may demand arbitration provision. Arbitrable matters may include, but are not limited to any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. Please ask your escrow or title officer for a sample copy of the policy to be issued if you wish to review the arbitration provisions and any other provisions pertaining to your Title Insurance Coverage.
2. Note: There are NO conveyances affecting said Land recorded within 24 months of the date of this report.
3. Although the ALTA Homeowner's Policy is automatically issued by this Company, for qualified properties/transactions, the pending transaction and/or property DOES NOT QUALIFY and the Standard CLTA Owner's Policy will be issued at the close of escrow.
4. If a county recorder, title insurance company, escrow company, real estate broker, real estate agent or association provides a copy of a declaration, governing document or deed to any person, California law requires that the document provided shall include a statement regarding any unlawful restrictions. Said statement is to be in at least 14-point bold face type and may be stamped on the first page of any document provided or included as a cover page attached to the requested document. Should a party to this transaction request a copy of any document reported herein that fits this category, the statement is to be included in the manner described.
5. Any documents being executed in conjunction with this transaction must be signed in the presence of an authorized Company employee, an authorized employee of an agent, an authorized employee of the insured lender, or by using Bancserv or other approved third party service. If the above requirements cannot be met, please call the Company at the number provided in this report
6. Amended Civil Code Section 2941, which becomes effective on January 1, 2002, sets the fee for the processing and recordation of the reconveyance of each Deed of Trust being paid off through this transaction at \$45.00. The reconveyance fee must be clearly set forth in the Beneficiary's Payoff Demand Statement ("Demand"). In addition, an assignment or authorized release of that fee, from the Beneficiary to the Trustee of record, must be included. An example of the required language is as follows:

The Beneficiary identified above hereby assigns, releases or transfers to the Trustee of record, the sum of \$45.00, included herein as 'Reconveyance Fees', for the processing and recordation of the Reconveyance of the Deed of Trust securing the indebtedness covered hereby, and the escrow company or title company processing this pay-off is authorized to deduct the Reconveyance Fee from this Demand and forward said fee to the Trustee of record or the successor Trustee under the Trust Deed to be paid off in full.

In the event that the reconveyance fee and the assignment, release or transfer are not included within the demand statement, then Fidelity National Title Insurance Company and its Underwritten Agent may decline to process the reconveyance and will be forced to return all documentation directly to the Beneficiary for compliance with the requirements of the revised statute.

7. Note: Part of the RESPA Rule to simplify and Improve the Process of Obtaining Mortgages and Reduce Consumer Settlement Costs requires the settlement agent to disclose the agent and underwriter split of title premiums, including endorsements as follows:

Line 1107 is used to record the amount of the total title insurance premium, including endorsements, that is retained by the title agent. Fidelity National Title Company retains 88% of the total premium and endorsements.

Line 1108 is used to record the amount of the total title insurance premium, including endorsements, that is retained by the title underwriter. Fidelity National Title Company retains 12% of the total premium and endorsements.

**INFORMATIONAL NOTES**  
(Continued)

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**END OF INFORMATIONAL NOTES**

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Sheila Isham/fj

## FIDELITY NATIONAL FINANCIAL PRIVACY NOTICE

At Fidelity National Financial, Inc. and its majority-owned subsidiary companies (collectively, “FNF”, “our” or “we”), we value the privacy of our customers. This Privacy Notice explains how we collect, use, and protect your information and explains the choices you have regarding that information. A summary of our privacy practices is below. We also encourage you to read the complete Privacy Notice following the summary.

<b>Types of Information Collected.</b> You may provide us with certain personal information, like your contact information, social security number (SSN), driver’s license, other government ID numbers, and/or financial information. We may also receive information from your Internet browser, computer and/or mobile device.	<b>How Information is Collected.</b> We may collect personal information directly from you from applications, forms, or communications we receive from you, or from other sources on your behalf, in connection with our provision of products or services to you. We may also collect browsing information from your Internet browser, computer, mobile device or similar equipment. This browsing information is generic and reveals nothing personal about the user.
<b>Use of Your Information.</b> We may use your information to provide products and services to you (or someone on your behalf), to improve our products and services, and to communicate with you about our products and services. We do not give or sell your personal information to parties outside of FNF for their use to market their products or services to you.	<b>Security Of Your Information.</b> We utilize a combination of security technologies, procedures and safeguards to help protect your information from unauthorized access, use and/or disclosure. We communicate to our employees about the need to protect personal information.
<b>Choices With Your Information.</b> Your decision to submit personal information is entirely up to you. You can opt-out of certain disclosures or use of your information or choose to not provide any personal information to us.	<b>When We Share Information.</b> We may disclose your information to third parties providing you products and services on our behalf, law enforcement agencies or governmental authorities, as required by law, and to parties with whom you authorize us to share your information.
<b>Information From Children.</b> We do not knowingly collect information from children under the age of 13, and our websites are not intended to attract children.	<b>Privacy Outside the Website.</b> We are not responsible for the privacy practices of third parties, even if our website links to those parties’ websites.
<b>Access and Correction.</b> If you desire to see the information collected about you and/or correct any inaccuracies, please contact us in the manner specified in this Privacy Notice.	<b>Do Not Track Disclosures.</b> We do not recognize “do not track” requests from Internet browsers and similar devices.
<b>The California Online Privacy Protection Act.</b> Certain FNF websites collect information on behalf of mortgage loan servicers. The mortgage loan servicer is responsible for taking action or making changes to any consumer information submitted through those websites.	<b>International Use.</b> By providing us with your information, you consent to the transfer, processing and storage of such information outside your country of residence, as well as the fact that we will handle such information consistent with this Privacy Notice.
<b>Your Consent To This Privacy Notice.</b> By submitting information to us and using our websites, you are accepting and agreeing to the terms of this Privacy Notice.	<b>Contact FNF.</b> If you have questions or wish to contact us regarding this Privacy Notice, please use the contact information provided at the end of this Privacy Notice.

## FIDELITY NATIONAL FINANCIAL, INC. PRIVACY NOTICE

FNF respects and is committed to protecting your privacy. We pledge to take reasonable steps to protect your Personal Information (as defined herein) and to ensure your information is used in compliance with this Privacy Notice.

This Privacy Notice is only in effect for information collected and/or owned by or on behalf of FNF, including collection through any FNF website or online services offered by FNF (collectively, the "Website"), as well as any information collected offline (e.g., paper documents). The provision of this Privacy Notice to you does not create any express or implied relationship, nor create any express or implied duty or other obligation, between FNF and you.

### **Types of Information Collected**

We may collect two types of information: Personal Information and Browsing Information.

**Personal Information.** The types of personal information FNF collects may include, but are not limited to:

- contact information (e.g., name, address, phone number, email address);
- social security number (SSN), driver's license, and other government ID numbers; and
- financial account or loan information.

**Browsing Information.** The types of browsing information FNF collects may include, but are not limited to:

- Internet Protocol (or IP) address or device ID/UDID, protocol and sequence information;
- browser language;
- browser type;
- domain name system requests;
- browsing history;
- number of clicks;
- hypertext transfer protocol headers; and
- application client and server banners.

### **How Information is Collected**

In the course of our business, we may collect *Personal Information* about you from the following sources:

- applications or other forms we receive from you or your authorized representative, whether electronic or paper;
- communications to us from you or others;
- information about your transactions with, or services performed by, us, our affiliates or others; and
- information from consumer or other reporting agencies and public records that we either obtain directly from those entities, or from our affiliates or others.

We may collect *Browsing Information* from you as follows:

- **Browser Log Files.** Our servers automatically log, collect and record certain Browsing Information about each visitor to the Website. The Browsing Information includes only generic information and reveals nothing personal about the user.
- **Cookies.** From time to time, FNF may send a "cookie" to your computer when you visit the Website. A cookie is a

small piece of data that is sent to your Internet browser from a web server and stored on your computer's hard drive. When you visit the Website again, the cookie allows the Website to recognize your computer, with the goal of providing an optimized user experience. Cookies may store user preferences and other information. You can choose not to accept cookies by changing the settings of your Internet browser. If you choose not to accept cookies, then some functions of the Website may not work as intended.

### **Use of Collected Information**

Information collected by FNF is used for three main purposes:

- To provide products and services to you, or to one or more third party service providers who are performing services on your behalf or in connection with a transaction involving you;
- To improve our products and services; and
- To communicate with you and to inform you about FNF's products and services.

### **When We Share Information**

We may share your Personal Information (excluding information we receive from consumer or other credit reporting agencies) and Browsing Information with certain individuals and companies, as permitted by law, without first obtaining your authorization. Such disclosures may include, without limitation, the following:

- to agents, representatives, or others to provide you with services or products you have requested, and to enable us to detect or prevent criminal activity, fraud, or material misrepresentation or nondisclosure;
- to third-party contractors or service providers who provide services or perform other functions on our behalf;
- to law enforcement or other governmental authority in connection with an investigation, or civil or criminal subpoenas or court orders; and/or
- to other parties authorized to receive the information in connection with services provided to you or a transaction involving you.

We may disclose Personal Information and/or Browsing Information when required by law or in the good-faith belief that such disclosure is necessary to:

- comply with a legal process or applicable laws;
- enforce this Privacy Notice;
- investigate or respond to claims that any information provided by you violates the rights of a third party; or
- protect the rights, property or personal safety of FNF, its users or the public.

We make efforts to ensure third party contractors and service providers who provide services or perform functions on our behalf protect your information. We limit use of your information to the purposes for which the information was provided. We do not give or sell your information to third parties for their own direct marketing use.

We reserve the right to transfer your Personal Information, Browsing Information, as well as any other information, in connection with the sale or other disposition of all or part of the

FNF business and/or assets, or in the event of our bankruptcy, reorganization, insolvency, receivership or an assignment for the benefit of creditors. You expressly agree and consent to the use and/or transfer of this information in connection with any of the above-described proceedings. We cannot and will not be responsible for any breach of security by any third party or for any actions of any third party that receives any of the information that is disclosed to us.

#### **Choices With Your Information**

Whether you submit your information to FNF is entirely up to you. If you decide not to submit your information, FNF may not be able to provide certain products or services to you. You may choose to prevent FNF from using your information under certain circumstances ("opt out"). You may opt out of receiving communications from us about our products and/or services.

#### **Security And Retention Of Information**

FNF is committed to protecting the information you share with us and utilizes a combination of security technologies, procedures and safeguards to help protect it from unauthorized access, use and/or disclosure. FNF trains its employees on privacy practices and on FNF's privacy and information security policies. FNF works hard to retain information related to you only as long as reasonably necessary for business and/or legal purposes.

#### **Information From Children**

The Website is meant for adults. The Website is not intended or designed to attract children under the age of thirteen (13). We do not collect Personal Information from any person that we know to be under the age of thirteen (13) without permission from a parent or guardian.

#### **Privacy Outside the Website**

The Website may contain links to other websites, including links to websites of third party service providers. FNF is not and cannot be responsible for the privacy practices or the content of any of those other websites.

#### **International Users**

Because FNF's headquarters is located in the United States, we may transfer your Personal Information and/or Browsing Information to the United States. By using our website and providing us with your Personal Information and/or Browsing Information, you understand and consent to the transfer, processing and storage of such information outside your country of residence, as well as the fact that we will handle such information consistent with this Privacy Notice.

#### **Do Not Track Disclosures**

Currently, our policy is that we do not recognize "do not track" requests from Internet browsers and similar devices.

#### **The California Online Privacy Protection Act**

For some websites which FNF or one of its companies owns, such as the Customer CareNet ("CCN"), FNF is acting as a third party service provider to a mortgage loan servicer. In those

instances, we may collect certain information on behalf of that mortgage loan servicer, including:

- first and last name;
- property address;
- user name and password;
- loan number;
- social security number - masked upon entry;
- email address;
- security questions and answers; and
- IP address.

The information you submit is then transferred to your mortgage loan servicer by way of CCN. **The mortgage loan servicer is responsible for taking action or making changes to any consumer information submitted through this website. For example, if you believe that your payment or user information is incorrect, you must contact your mortgage loan servicer.**

CCN does not share consumer information with third parties, other than those with which the mortgage loan servicer has contracted to interface with the CCN application. All sections of this Privacy Notice apply to your interaction with CCN, except for the sections titled Choices with Your Information, and Access and Correction. If you have questions regarding the choices you have with regard to your personal information or how to access or correct your personal information, contact your mortgage loan servicer.

#### **Access and Correction**

To access your Personal Information in the possession of FNF and correct any inaccuracies, please contact us by email at [privacy@fnf.com](mailto:privacy@fnf.com) or by mail at:

Fidelity National Financial, Inc.  
601 Riverside Avenue  
Jacksonville, Florida 32204  
Attn: Chief Privacy Officer

#### **Your Consent To This Privacy Notice**

By submitting Personal Information and/or Browsing Information to FNF, you consent to the collection and use of information by FNF in compliance with this Privacy Notice. We reserve the right to make changes to this Privacy Notice. If we change this Privacy Notice, we will post the revised version on the Website.

#### **Contact FNF**

Please send questions and/or comments related to this Privacy Notice by email at [privacy@fnf.com](mailto:privacy@fnf.com) or by mail at:

Fidelity National Financial, Inc.  
601 Riverside Avenue  
Jacksonville, Florida 32204  
Attn: Chief Privacy Officer

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EFFECTIVE AS OF APRIL 1, 2016

### **Notice of Available Discounts**

Pursuant to Section 2355.3 in Title 10 of the California Code of Regulations Fidelity National Financial, Inc. and its subsidiaries ("FNF") must deliver a notice of each discount available under our current rate filing along with the delivery of escrow instructions, a preliminary report or commitment. Please be aware that the provision of this notice does not constitute a waiver of the consumer's right to be charged the field rate. As such, your transaction may not qualify for the below discounts.

You are encouraged to discuss the applicability of one or more of the below discounts with a Company representative. These discounts are generally described below; consult the rate manual for a full description of the terms, conditions and requirements for each discount. These discounts only apply to transaction involving services rendered by the FNF Family of Companies. This notice only applies to transactions involving property improved with a one-to-four family residential dwelling.

#### **FNF Underwritten Title Company**

FNTC - Fidelity National Title Company

FNTCCA – Fidelity National Title Company of California

#### **FNF Underwriter**

FNTIC - Fidelity National Title Insurance Company

#### **Available Discounts**

##### **CREDIT FOR PRELIMINARY REPORTS AND/OR COMMITMENTS ON SUBSEQUENT POLICIES (FNTIC)**

Where no major change in the title has occurred since the issuance of the original report or commitment, the order may be reopened within 12 months and all or a portion of the charge previously paid for the report or commitment may be credited on a subsequent policy charge within the following time period from the date of the report.

##### **DISASTER LOANS (FNTIC)**

The charge for a lender's Policy (Standard or Extended coverage) covering the financing or refinancing by an owner of record, within 24 months of the date of a declaration of a disaster area by the government of the United States or the State of California on any land located in said area, which was partially or totally destroyed in the disaster, will be 50% of the appropriate title insurance rate.

##### **CHURCHES OR CHARITABLE NON-PROFIT ORGANIZATIONS (FNTIC)**

On properties used as a church or for charitable purposes within the scope of the normal activities of such entities, provided said charge is normally the church's obligation the charge for an owner's policy shall be 50% to 70% of the appropriate title insurance rate, depending on the type of coverage selected. The charge for a lender's policy shall be 40% to 50% of the appropriate title insurance rate, depending on the type of coverage selected.

**CALIFORNIA LAND TITLE ASSOCIATION  
STANDARD COVERAGE POLICY – 1990**

**EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
  - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
  - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
  - (c) resulting in no loss or damage to the insured claimant;
  - (d) attaching or created subsequent to Date of Policy; or
  - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

**EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I**

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.  
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

**CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (12-02-13)  
ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE**

**EXCLUSIONS**

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
  - a. building;
  - b. zoning;
  - c. land use;
  - d. improvements on the Land;
  - e. land division; and
  - f. environmental protection.

This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks:
  - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
  - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;

- c. that result in no loss to You; or
- d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
5. Failure to pay value for Your Title.
6. Lack of a right:
  - a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
  - b. in streets, alleys, or waterways that touch the Land.
 This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.
8. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
9. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

#### LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	Your Deductible Amount	Our Maximum Dollar Limit of Liability
Covered Risk 16:	1.00% % of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$ 10,000.00
Covered Risk 18:	1.00% % of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$ 25,000.00
Covered Risk 19:	1.00% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$ 25,000.00
Covered Risk 21:	1.00% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$ 5,000.00

#### 2006 ALTA LOAN POLICY (06-17-06)

#### EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;
 or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13 or 14); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
  - (a) a fraudulent conveyance or fraudulent transfer, or
  - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

#### EXCEPTIONS FROM COVERAGE

(Except as provided in Schedule B - Part II, (t(or)his policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of:



(The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

#### **PART II**

In addition to the matters set forth in Part I of this Schedule, the Title is subject to the following matters, and the Company insures against loss or damage sustained in the event that they are not subordinate to the lien of the Insured Mortgage:)

#### **2006 ALTA OWNER'S POLICY (06-17-06)**

##### **EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
  - (a) a fraudulent conveyance or fraudulent transfer; or
  - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

##### **EXCEPTIONS FROM COVERAGE**

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of:

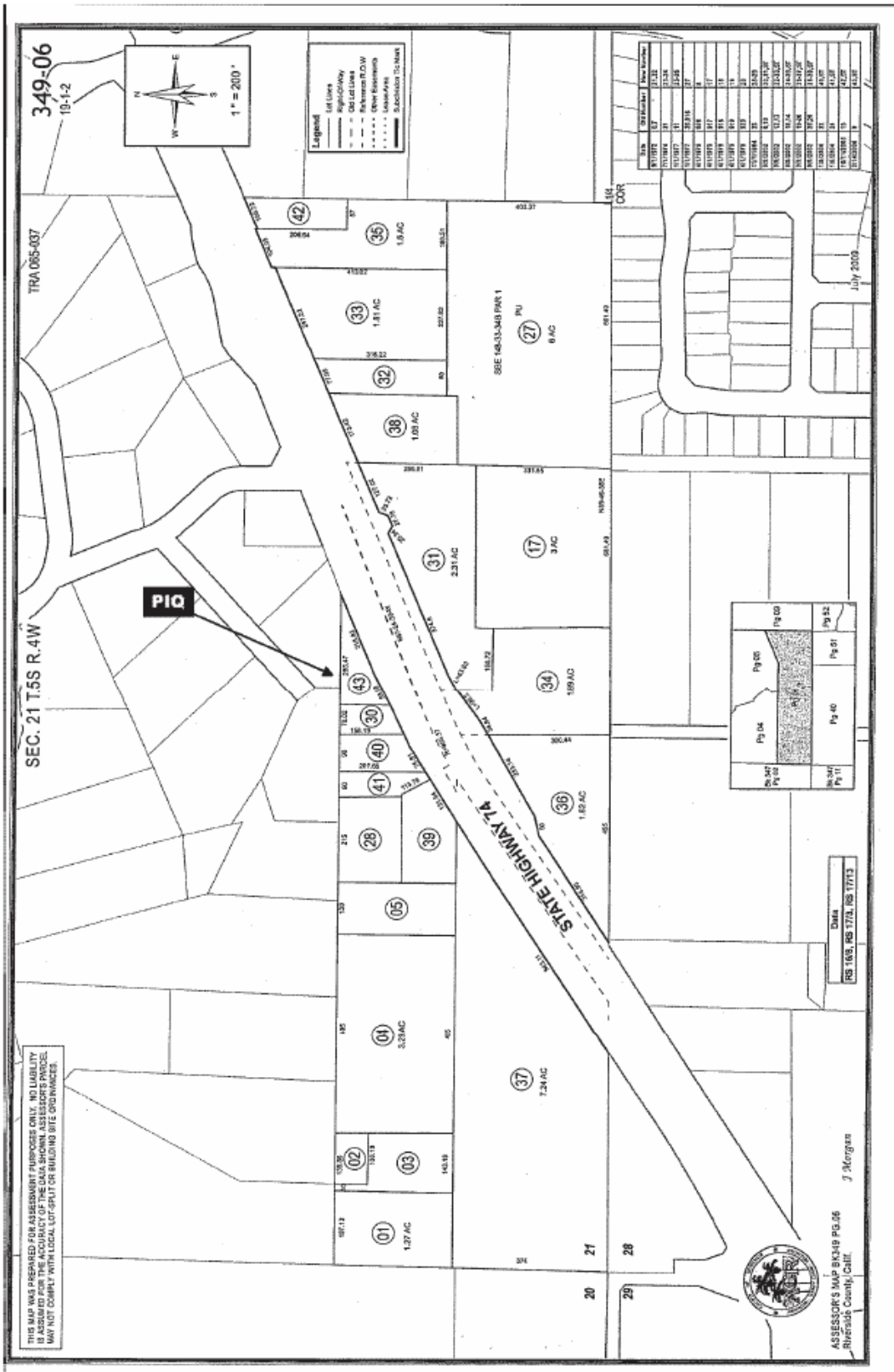
(The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown in the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and that are not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.
7. (Variable exceptions such as taxes, easements, CC&R's, etc. shown here.)

**EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
  - (a) a fraudulent conveyance or fraudulent transfer, or
  - (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.
10. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
11. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.



This map/plat is being furnished as an aid in locating the herein described Land in relation to adjoining streets, natural boundaries and other land, and is not a survey of the land depicted. Except to the extent a policy of title insurance is expressly modified by endorsement, if any, the Company does not insure dimensions, distances, location of easements, acreage or other matters shown thereon.

**EXHIBIT “2”**  
**SALE AGREEMENT**



## VACANT LAND PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

(C.A.R. Form VLPA, Revised 12/15)

Date Prepared: June 1, 2016

### 1. OFFER:

- A. THIS IS AN OFFER FROM Meydan Arsalan Rad ("Buyer"),  
B. THE REAL PROPERTY to be acquired is 0 State Hwy 74, situated in  
Perris (City), Riverside (County), California, 92572 (Zip Code), Assessor's Parcel No. 349-000-043 ("Property").  
Further Described As  
C. THE PURCHASE PRICE offered is Eighteen Thousand Four Hundred

- D. CLOSE OF ESCROW shall occur on ☐ (date) or ☐ Dollars \$ 18,400.00  
Days After Acceptance).

E. Buyer and Seller are referred to herein as the "Parties." Brokers are not Parties to this Agreement.

### 2. AGENCY:

- A. DISCLOSURE: The Parties each acknowledge receipt of a ☒ "Disclosure Regarding Real Estate Agency Relationships" (C.A.R. Form AD).  
B. CONFIRMATION: The following agency relationships are hereby confirmed for this transaction:  
Listing Agent Keller Williams Realty (Print Firm Name) is the agent of (check one):  
☐ the Seller exclusively; or ☐ both the Buyer and Seller.  
Selling Agent Realty Executives Experts/Sam Ali (Print Firm Name) (If not the same as the Listing Agent) is the agent of (check one): ☐ the Buyer exclusively; or ☐ the Seller exclusively; or ☐ both the Buyer and Seller.

- C. POTENTIALLY COMPETING BUYERS AND SELLERS: The Parties each acknowledge receipt of a ☒ "Possible Representation of More than One Buyer or Seller - Disclosure and Consent" (C.A.R. Form PRBS).

### 3. FINANCE TERMS: Buyer represents that funds will be good when deposited with Escrow Holder.

- A. INITIAL DEPOSIT: Deposit shall be in the amount of \$ 3,000.00

(1) Buyer Direct Deposit: Buyer shall deliver deposit directly to Escrow Holder by electronic funds transfer, ☐ cashier's check, ☐ personal check, ☐ other within 3 business days after Acceptance (or \_\_\_\_\_).

- OR (2) ☐ Buyer Deposit with Agent: Buyer has given the deposit by personal check (or \_\_\_\_\_) to the agent submitting the offer (or to \_\_\_\_\_), made payable to \_\_\_\_\_, The deposit shall be held uncashed until Acceptance and then deposited with Escrow Holder within 3 business days after Acceptance (or \_\_\_\_\_).  
Deposit checks given to agent shall be an original signed check and not a copy.

(Note: Initial and increased deposits checks received by agent shall be recorded in Broker's trust fund log.)

- B. INCREASED DEPOSIT: Buyer shall deposit with Escrow Holder an increased deposit in the amount of \$ \_\_\_\_\_ within \_\_\_\_\_ Days After Acceptance (or \_\_\_\_\_).

If the Parties agree to liquidated damages in this Agreement, they also agree to incorporate the increased deposit into the liquidated damages amount in a separate liquidated damages clause (C.A.R. Form RID) at the time the increased deposit is delivered to Escrow Holder.

- C. ☐ ALL CASH OFFER: No loan is needed to purchase the Property. This offer is NOT contingent on Buyer obtaining a loan. Written verification of sufficient funds to close this transaction IS ATTACHED to this offer or ☐ Buyer shall, within 3 (or \_\_\_\_\_) Days After Acceptance, Deliver to Seller such verification.

### D. LOAN(S):

- (1) FIRST LOAN: in the amount of \$ \_\_\_\_\_

This loan will be conventional financing or ☐ FHA, ☐ VA, ☐ Seller financing (C.A.R. Form SFA), ☐ assumed financing (C.A.R. Form AFA), ☐ subject to financing, ☐ Other \_\_\_\_\_ This loan shall be at a fixed rate not to exceed \_\_\_\_\_ % or, ☐ an adjustable rate loan with initial rate not to exceed \_\_\_\_\_ %. Regardless of the type of loan, Buyer shall pay points not to exceed \_\_\_\_\_ % of the loan amount.

- (2) ☐ SECOND LOAN in the amount of \$ \_\_\_\_\_

This loan will be conventional financing or ☐ Seller financing (C.A.R. Form SFA), ☐ assumed financing (C.A.R. Form AFA), ☐ subject to financing, ☐ Other \_\_\_\_\_ This loan shall be at a fixed rate not to exceed \_\_\_\_\_ % or, ☐ an adjustable rate loan with initial rate not to exceed \_\_\_\_\_ %. Regardless of the type of loan, Buyer shall pay points not to exceed \_\_\_\_\_ % of the loan amount.

- (3) FHAVA: For any FHA or VA loan specified in 3D(1), Buyer has 17 (or \_\_\_\_\_) Days After Acceptance to Deliver to Seller written notice (C.A.R. Form FVA) of any lender-required repairs or costs that Buyer requests Seller to pay for or otherwise correct. Seller has no obligation to pay or satisfy lender requirements unless agreed in writing. A FHAVA amendatory clause (C.A.R. Form FVAC) shall be a part of this transaction.

### E. ADDITIONAL FINANCING TERMS:

Buyer's Initials ( HAAR ) ( \_\_\_\_\_ )

Seller's Initials ( AS ) ( \_\_\_\_\_ )

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VLPA REVISED 12/15 (PAGE 1 OF 11)

### VACANT LAND PURCHASE AGREEMENT (VLPA PAGE 1 OF 11)

Realty Executives, 9220 Haven Avenue Suite 100 Rancho Cucamonga, CA 91730  
Sam Ali Syed Zaidi

Produced with zipForm® by zipLogix 18070 Fifteen Mile Road, Fraser, Michigan 48026 www.zipLogix.com

Phone: 949-354-4430

Fax: 909-802-7904

0 State Hwy 74,





Property Address: 0 State Hwy 74, Perris, CA 92572

Date: June 1, 2016

- F. **BALANCE OF DOWN PAYMENT OR PURCHASE PRICE** in the amount of \$ 15,400.00  
to be deposited with Escrow Holder pursuant to Escrow Holder instructions.
- G. **PURCHASE PRICE (TOTAL):** \$ 15,400.00
- H. **VERIFICATION OF DOWN PAYMENT AND CLOSING COSTS:** Buyer (or Buyer's lender or loan broker pursuant to paragraph 3J(1)) shall, within 3 (or     ) Days After Acceptance, Deliver to Seller written verification of Buyer's down payment and closing costs. (☐ Verification attached.)
- I. **APPRAISAL CONTINGENCY AND REMOVAL:** This Agreement is (or ☐ is NOT) contingent upon a written appraisal of the Property by a licensed or certified appraiser at no less than the purchase price. Buyer shall, as specified in paragraph 19B(3), in writing, remove the appraisal contingency or cancel this Agreement within 17 (or     ) Days After Acceptance.
- J. **LOAN TERMS:**
- (1) **LOAN APPLICATIONS:** Within 3 (or     ) Days After Acceptance, Buyer shall Deliver to Seller a letter from Buyer's lender or loan broker stating that, based on a review of Buyer's written application and credit report, Buyer is prequalified or preapproved for any NEW loan specified in paragraph 3D. If any loan specified in paragraph 3D is an adjustable rate loan, the prequalification or preapproval letter shall be based on the qualifying rate, not the initial loan rate. (☐ Letter attached.)
- (2) **LOAN CONTINGENCY:** Buyer shall act diligently and in good faith to obtain the designated loan(s). Buyer's qualification for the loan(s) specified above is a contingency of this Agreement unless otherwise agreed in writing. If there is no appraisal contingency or the appraisal contingency has been waived or removed, then failure of the Property to appraise at the purchase price does not entitle Buyer to exercise the cancellation right pursuant to the loan contingency if Buyer is otherwise qualified for the specified loan. Buyer's contractual obligations regarding deposit, balance of down payment and closing costs are not contingencies of this Agreement.
- (3) **LOAN CONTINGENCY REMOVAL:**  
Within 21 (or     ) Days After Acceptance, Buyer shall, as specified in paragraph 19, in writing, remove the loan contingency or cancel this Agreement. If there is an appraisal contingency, removal of the loan contingency shall not be deemed removal of the appraisal contingency.
- (4) ☐ **NO LOAN CONTINGENCY:** Obtaining any loan specified above is NOT a contingency of this Agreement. If Buyer does not obtain the loan and as a result Buyer does not purchase the Property, Seller may be entitled to Buyer's deposit or other legal remedies.
- (5) **LENDER LIMITS ON BUYER CREDITS:** Any credit to Buyer, from any source, for closing or other costs that is agreed to by the Parties ("Contractual Credit") shall be disclosed to Buyer's lender. If the total credit allowed by Buyer's lender ("Lender Allowable Credit") is less than the Contractual Credit, then (i) the Contractual Credit shall be reduced to the Lender Allowable Credit, and (ii) in the absence of a separate written agreement between the Parties, there shall be no automatic adjustment to the purchase price to make up for the difference between the Contractual Credit and the Lender Allowable Credit.
- K. **BUYER STATED FINANCING:** Seller is relying on Buyer's representation of the type of financing specified (including but not limited to, as applicable, all cash, amount of down payment, or contingent or non-contingent loan). Seller has agreed to a specific closing date, purchase price and to sell to Buyer in reliance on Buyer's covenant concerning financing. Buyer shall pursue the financing specified in this Agreement. Seller has no obligation to cooperate with Buyer's efforts to obtain any financing other than that specified in the Agreement and the availability of any such alternate financing does not excuse Buyer from the obligation to purchase the Property and close escrow as specified in this Agreement.
- L. **SELLER FINANCING:** The following terms (or ☐ the terms specified in the attached Seller Financing Addendum) (C.A.R. Form SFA) apply ONLY to financing extended by Seller under this Agreement.
- (1) **BUYER'S CREDIT-WORTHINESS:** Buyer authorizes Seller and/or Brokers to obtain, at Buyer's expense, a copy of Buyer's credit report. Within 7 (or     ) Days After Acceptance, Buyer shall provide any supporting documentation reasonably requested by Seller.
- (2) **TERMS:** Buyer's promissory note, deed of trust and other documents as appropriate shall incorporate and implement the following additional terms: (i) the maximum interest rate specified in paragraph 3D shall be the actual fixed interest rate for Seller financing; (ii) deed of trust shall contain a REQUEST FOR NOTICE OF DEFAULT on senior loans; (iii) Buyer shall sign and pay for a REQUEST FOR NOTICE OF DELINQUENCY prior to Close Of Escrow and at any future time if requested by Seller; (iv) note and deed of trust shall contain an acceleration clause making the loan due, when permitted by law and at Seller's option, upon the sale or transfer of the Property or any interest in it; (v) note shall contain a late charge of 6% of the installment due (or     ) if the installment is not received within 10 days of the date due; (vi) title insurance coverage in the form of a joint protection policy shall be provided insuring Seller's deed of trust interest in the Property (any increased cost over owner's policy shall be paid by Buyer); and (vii) tax service shall be obtained and paid for by Buyer to notify Seller if property taxes have not been paid.
- (3) **ADDED, DELETED OR SUBSTITUTED BUYERS:** The addition, deletion or substitution of any person or entity under this Agreement or to title prior to Close Of Escrow shall require Seller's written consent. Seller may grant or withhold consent in Seller's sole discretion. Any additional or substituted person or entity shall, if requested by Seller, submit to Seller the same documentation as required for the original named Buyer. Seller and/or Brokers may obtain a credit report, at Buyer's expense, on any such person or entity.
- M. **ASSUMED OR "SUBJECT TO" FINANCING:** Seller represents that Seller is not delinquent on any payments due on any loans. Seller shall, within the time specified in paragraph 19, provide Copies of all applicable notes and deeds of trust, loan balances and current interest rates to Buyer. Buyer shall then, as specified in paragraph 19B(3), remove this contingency or cancel this Agreement. Differences between estimated and actual loan balances shall be adjusted at Close Of Escrow by cash down payment. Impound accounts, if any, shall be assigned and charged to Buyer and credited to Seller. Seller is advised that Buyer's assumption of an existing loan may not release Seller from liability on that loan. If this is an assumption of a VA Loan, the sale is contingent upon Seller being provided a release of liability and substitution of eligibility, unless otherwise agreed in writing. If the Property is acquired subject to an existing loan, Buyer and Seller are advised to consult with legal counsel regarding the ability of an existing lender to call the loan due, and the consequences thereof.

Buyer's Initials ( JAR ) (      )

Seller's Initials (      ) (      )

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VACANT LAND PURCHASE AGREEMENT (VLPA PAGE 2 OF 11)

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0 State Hwy 74,





Property Address: 0 State Hwy 74, Perris, CA 92572

Date: June 1, 2016

**4. SALE OF BUYER'S PROPERTY:**

A. This Agreement and Buyer's ability to obtain financing are NOT contingent upon the sale of any property owned by Buyer.  
OR B. ☐ This Agreement and Buyer's ability to obtain financing are contingent upon the sale of property owned by Buyer as specified in the attached addendum (C.A.R. Form COP).

5. ☐ **MANUFACTURED HOME PURCHASE:** The purchase of the Property is contingent upon Buyer acquiring a personal property manufactured home to be placed on the Property after Close Of Escrow. Buyer ☐ has ☐ has not entered into a contract for the purchase of a personal property manufactured home. Within the time specified in paragraph 19, Buyer shall remove this contingency or cancel this Agreement, (or ☐ this contingency shall remain in effect until the Close Of Escrow of the Property).

6. ☐ **CONSTRUCTION LOAN FINANCING:** The purchase of the Property is contingent upon Buyer obtaining a construction loan. A draw from the construction loan ☐ will ☐ will not be used to finance the Property. Within the time specified in paragraph 19, Buyer shall remove this contingency or cancel this Agreement (or ☐ this contingency shall remain in effect until Close Of Escrow of the Property).

**7. ADDENDA AND ADVISORIES:**

A. **ADDENDA:**

<input type="checkbox"/> Back Up Offer Addendum (C.A.R. Form BUO)	<input type="checkbox"/> Addendum # _____ (C.A.R. Form ADM)
<input type="checkbox"/> Septic, Well and Property Monument Addendum (C.A.R. Form SWPI)	<input type="checkbox"/> Court Confirmation Addendum (C.A.R. Form CCA)
<input type="checkbox"/> Short Sale Addendum (C.A.R. Form SSA)	<input type="checkbox"/> Other _____

B. **BUYER AND SELLER ADVISORIES:**

<input type="checkbox"/> Probate Advisory (C.A.R. Form PA)	<input checked="" type="checkbox"/> Buyer's Inspection Advisory (C.A.R. Form BIA)
<input type="checkbox"/> Trust Advisory (C.A.R. Form TA)	<input type="checkbox"/> Statewide Buyer and Seller Advisory (C.A.R. Form SBSA)
<input type="checkbox"/> Short Sale Information and Advisory (C.A.R. Form SSIA)	<input type="checkbox"/> REO Advisory (C.A.R. Form REO)
	<input type="checkbox"/> Other _____

**8. OTHER TERMS:**

**9. ALLOCATION OF COSTS**

A. **INSPECTIONS, REPORTS AND CERTIFICATES:** Unless otherwise agreed, in writing, this paragraph only determines who is to pay for the inspection, test, certificate or service ("Report") mentioned; it **does not determine who is to pay for any work recommended or identified in the Report.**

(1) ☐ Buyer ☐ Seller shall pay for a natural hazard zone disclosure report, including tax ☐ environmental ☐ Other: \_\_\_\_\_ prepared by \_\_\_\_\_

(2) ☐ Buyer ☐ Seller shall pay for the following Report \_\_\_\_\_ prepared by \_\_\_\_\_

(3) ☐ Buyer ☐ Seller shall pay for the following Report \_\_\_\_\_ prepared by \_\_\_\_\_

**B. ESCROW AND TITLE:**

(1) (a) ☒ Buyer ☒ Seller shall pay escrow fee Each to pay own  
(b) Escrow Holder shall be \_\_\_\_\_

(c) The Parties shall, within 5 (or \_\_\_\_\_) Days After receipt, sign and return Escrow Holder's general provisions.

(2) (a) ☐ Buyer ☒ Seller shall pay for owner's title insurance policy specified in paragraph 18E \_\_\_\_\_

(b) Owner's title policy to be issued by \_\_\_\_\_

(Buyer shall pay for any title insurance policy insuring Buyer's lender, unless otherwise agreed in writing.)

**C. OTHER COSTS:**

(1) ☐ Buyer ☒ Seller shall pay County transfer tax or fee \_\_\_\_\_

(2) ☐ Buyer ☒ Seller shall pay City transfer tax or fee \_\_\_\_\_

(3) ☐ Buyer ☐ Seller shall pay Homeowners' Association ("HOA") transfer fee \_\_\_\_\_

(4) Seller shall pay HOA fees for preparing all documents required to be delivered by Civil Code §4525.

(5) Buyer to pay for any HOA certification fee.

(6) ☐ Buyer ☐ Seller shall pay HOA fees for preparing all documents other than those required by Civil Code §4525.

(7) ☐ Buyer ☐ Seller shall pay for any private transfer fee \_\_\_\_\_

(8) ☐ Buyer ☐ Seller shall pay for \_\_\_\_\_

(9) ☐ Buyer ☐ Seller shall pay for \_\_\_\_\_

**10. CLOSING AND POSSESSION:** Possession shall be delivered to Buyer: (i) ☐ at 6 PM or ( ☐ AM/ ☐ PM) on the date of Close Of Escrow; (ii) ☐ no later than \_\_\_\_\_ calendar days after Close Of Escrow; or (iii) ☐ at \_\_\_\_\_ AM/ ☐ PM on \_\_\_\_\_. The Property shall be unoccupied, unless otherwise agreed in writing. Seller shall provide keys and/or means to operate all Property locks. If Property is located in a common interest subdivision, Buyer may be required to pay a deposit to the Homeowners' Association ("HOA") to obtain keys to accessible HOA facilities.

**11. ITEMS INCLUDED IN AND EXCLUDED FROM SALE:**

A. **NOTE TO BUYER AND SELLER:** Items listed as included or excluded in the MLS, flyers or marketing materials are not included in the purchase price or excluded from the sale unless specified in 11B or C.

Buyer's Initials: ( HAR ) ( \_\_\_\_\_ )

Seller's Initials: ( [Signature] ) ( \_\_\_\_\_ )

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VACANT LAND PURCHASE AGREEMENT (VLPA PAGE 3 OF 11)

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0 State Hwy 74,



EXHIBIT 2



Property Address: 0 State Hwy 74, Perris, CA 92572

Date: June 1, 2016

**B. ITEMS INCLUDED IN SALE:**

- (1) All EXISTING fixtures and fittings that are attached to the Property;  
(2) The following items: \_\_\_\_\_

(3) Seller represents that all items included in the purchase price, unless otherwise specified, are owned by Seller.

(4) All items included shall be transferred free of liens and without Seller warranty.

**C. ITEMS EXCLUDED FROM SALE:** \_\_\_\_\_

**12. STATUTORY AND OTHER DISCLOSURES AND CANCELLATION RIGHTS:**

**A. NATURAL AND ENVIRONMENTAL HAZARD DISCLOSURES AND OTHER BOOKLETS:** Within the time specified in paragraph 19A, Seller shall, if required by Law: (i) Deliver to Buyer earthquake guide(s) (and questionnaire), environmental hazards booklet; (ii) disclose if the Property is located in a Special Flood Hazard Area; Potential Flooding (Inundation) Area; Very High Fire Hazard Zone; State Fire Responsibility Area; Earthquake Fault Zone; and Seismic Hazard Zone; and (iii) disclose any other zone as required by Law and provide any other information required for those zones.

**B. WITHHOLDING TAXES:** Within the time specified in paragraph 19A, to avoid required withholding, Seller shall Deliver to Buyer or qualified substitute, an affidavit sufficient to comply with federal (FIRPTA) and California withholding Law (C.A.R. Form AS or QS).

**C. MEGAN'S LAW DATABASE DISCLOSURE:** Notice: Pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at [www.meganslaw.ca.gov](http://www.meganslaw.ca.gov). Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides. (Neither Seller nor Brokers are required to check this website. If Buyer wants further information, Broker recommends that Buyer obtain information from this website during Buyer's inspection contingency period. Brokers do not have expertise in this area.)

**D. NOTICE REGARDING GAS AND HAZARDOUS LIQUID TRANSMISSION PIPELINES:** This notice is being provided simply to inform you that information about the general location of gas and hazardous liquid transmission pipelines is available to the public via the National Pipeline Mapping System (NPMS) Internet Web site maintained by the United States Department of Transportation at <http://www.npms.phmsa.dot.gov/>. To seek further information about possible transmission pipelines near the Property, you may contact your local gas utility or other pipeline operators in the area. Contact information for pipeline operators is searchable by ZIP Code and county on the NPMS Internet Web site.

**E. CONDOMINIUM/PLANNED DEVELOPMENT DISCLOSURES:**

(1) **SELLER HAS:** 7 (or \_\_\_\_ ) Days After Acceptance to disclose to Buyer whether the Property is a condominium, or is located in a planned development or other common interest subdivision (C.A.R. Form VLQ).

(2) If the Property is a condominium or is located in a planned development or other common interest subdivision, Seller has 3 (or \_\_\_\_ ) Days After Acceptance to request from the HOA (C.A.R. Form HOA1): (i) Copies of any documents required by Law; (ii) disclosure of any pending or anticipated claim or litigation by or against the HOA; (iii) a statement containing the location and number of designated parking and storage spaces; (iv) Copies of the most recent 12 months of HOA minutes for regular and special meetings; and (v) the names and contact information of all HOAs governing the Property (collectively, "CI Disclosures"). Seller shall itemize and Deliver to Buyer all CI Disclosures received from the HOA and any CI Disclosures in Seller's possession. Buyer's approval of CI Disclosures is a contingency of this Agreement as specified in paragraph 19B(3). The Party specified in paragraph 9, as directed by escrow, shall deposit funds into escrow or direct to HOA or management company to pay for any of the above.

**13. SELLER DOCUMENTATION AND ADDITIONAL DISCLOSURE:**

**A.** Within the time specified in paragraph 19, if Seller has actual knowledge, Seller shall provide to Buyer, in writing, the following information:

(1) **LEGAL PROCEEDINGS:** Any lawsuits by or against Seller, threatening or affecting the Property, including any lawsuits alleging a defect or deficiency in the Property or common areas, or any known notices of abatement or citations filed or issued against the Property.

(2) **AGRICULTURAL USE:** Whether the Property is subject to restrictions for agricultural use pursuant to the Williamson Act (Government Code §§51200-51295).

(3) **DEED RESTRICTIONS:** Any deed restrictions or obligations.

(4) **FARM USE:** Whether the Property is in, or adjacent to, an area with Right to Farm rights (Civil Code §3482.5 and §3482.6).

(5) **ENDANGERED SPECIES:** Presence of endangered, threatened, 'candidate' species, or wetlands on the Property.

(6) **ENVIRONMENTAL HAZARDS:** Any substances, materials, or products that may be an environmental hazard including, but not limited to, asbestos, formaldehyde, radon gas, lead-based paint, fuel or chemical storage tanks, and contaminated soil or water on the Property.

(7) **COMMON WALLS:** Any features of the Property shared in common with adjoining landowners, such as walls, fences, roads, and driveways, and agriculture and domestic wells whose use or responsibility for maintenance may have an effect on the Property.

(8) **LANDLOCKED:** The absence of legal or physical access to the Property.

(9) **EASEMENTS/ENCROACHMENTS:** Any encroachments, easements or similar matters that may affect the Property.

(10) **SOIL FILL:** Any fill (compacted or otherwise), or abandoned mining operations on the Property.

(11) **SOIL PROBLEMS:** Any slippage, sliding, flooding, drainage, grading, or other soil problems.

(12) **EARTHQUAKE DAMAGE:** Major damage to the Property or any of the structures from fire, earthquake, floods, or landslides.

(13) **ZONING ISSUES:** Any zoning violations, non-conforming uses, or violations of "setback" requirements.

(14) **NEIGHBORHOOD PROBLEMS:** Any neighborhood noise problems, or other nuisances.

**B. RENTAL AND SERVICE AGREEMENTS:** Within the time specified in paragraph 19, Seller shall make available to Buyer for inspection and review, all current leases, rental agreements, service contracts and other related agreements, licenses, and permits pertaining to the operation or use of the Property.

**C. ☐ TENANT ESTOPPEL CERTIFICATES:** Within the time specified in paragraph 19, Seller shall deliver to Buyer tenant estoppel certificates (C.A.R. Form TEC) completed by Seller or Seller's agent, and signed by tenants, acknowledging: (i) that tenants' rental or lease agreements are unmodified and in full force and effect (or if modified, stating all such modifications); (ii) that no lessor defaults exist; and (iii) stating the amount of any prepaid rent or security deposit.

Buyer's Initials ( HAR ) ( \_\_\_\_\_ )

Seller's Initials ( AR ) ( \_\_\_\_\_ )

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**VACANT LAND PURCHASE AGREEMENT (VLPA PAGE 4 OF 11)**

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0 State Hwy 74,





Property Address: 0 State Hwy 74, Perris, CA 92572

Date: June 1, 2016

- D. MELLO-ROOS TAX; 1915 BOND ACT:** Within the time specified in paragraph 19, Seller shall: (i) make a good faith effort to obtain a notice from any local agencies that levy a special tax or assessment on the Property (or, if allowed, substantially equivalent notice), pursuant to the Mello-Roos Community Facilities Act, and Improvement Bond Act of 1915, and (ii) promptly deliver to Buyer any such notice obtained.
- E. SELLER VACANT LAND QUESTIONNAIRE:** Seller shall, within the time specified in paragraph 19, complete and provide Buyer with a Seller Vacant Land Questionnaire (C.A.R. Form VLQ).
- 14. SUBSEQUENT DISCLOSURES:** In the event Seller, prior to Close Of Escrow, becomes aware of adverse conditions materially affecting the Property, or any material inaccuracy in disclosures, information or representations previously provided to Buyer of which Buyer is otherwise unaware, Seller shall promptly provide a subsequent or amended disclosure or notice, in writing, covering those items. **However, a subsequent or amended disclosure shall not be required for conditions and material inaccuracies disclosed in reports ordered and paid for by Buyer.**
- 15. CHANGES DURING ESCROW:**
- A.** Prior to Close Of Escrow, Seller may engage in the following acts, ("Proposed Changes"), subject to Buyer's rights in paragraph 15B: (i) rent or lease any part of the premises; (ii) alter, modify or extend any existing rental or lease agreement; (iii) enter into, alter, modify or extend any service contract(s); or (iv) change the status of the condition of the Property.
- B.** At least 7 (or     ) Days prior to any Proposed Changes, Seller shall give written notice to Buyer of such Proposed Changes. Within 5 (or     ) Days After receipt of such notice, Buyer, in writing, may give Seller notice of Buyer's objection to the Proposed Changes, in which case Seller shall not make the Proposed Changes.
- 16. CONDITION OF PROPERTY:** Unless otherwise agreed in writing: (i) the Property is sold (a) "AS-IS" in its PRESENT physical condition as of the date of Acceptance and (b) subject to Buyer's Investigation rights; (ii) the Property, including pool, spa, landscaping and grounds, is to be maintained in substantially the same condition as on the date of Acceptance; and (iii) all debris and personal property not included in the sale shall be removed by Close Of Escrow.
- A.** Seller shall, within the time specified in paragraph 19A, DISCLOSE KNOWN MATERIAL FACTS AND DEFECTS affecting the Property, including known insurance claims within the past five years, and make any and all other disclosures required by law.
- B.** Buyer has the right to conduct Buyer Investigations of the property and, as specified in paragraph 19B, based upon information discovered in those investigations: (i) cancel this Agreement; or (ii) request that Seller make Repairs or take other action.
- C. Buyer is strongly advised to conduct investigations of the entire Property in order to determine its present condition. Seller may not be aware of all defects affecting the Property or other factors that Buyer considers important. Property improvements may not be built according to code, in compliance with current Law, or have had permits issued.**
- 17. BUYER'S INVESTIGATION OF PROPERTY AND MATTERS AFFECTING PROPERTY:**
- A.** Buyer's acceptance of the condition of, and any other matter affecting the Property, is a contingency of this Agreement as specified in this paragraph and paragraph 19B. Within the time specified in paragraph 19B(1), Buyer shall have the right, at Buyer's expense unless otherwise agreed, to conduct inspections, investigations, tests, surveys and other studies ("Buyer Investigations"), including, but not limited to, the right to: (i) inspect for lead-based paint and other lead-based paint hazards; (ii) inspect for wood destroying pests and organisms; (iii) review the registered sex offender database; (iv) confirm the insurability of Buyer and the Property; and (v) satisfy Buyer as to any matter specified in the attached Buyer's Inspection Advisory (C.A.R. Form BIA). Without Seller's prior written consent, Buyer shall neither make nor cause to be made: (i) invasive or destructive Buyer Investigations except for minimally invasive testing; or (ii) inspections by any governmental building or zoning inspector or government employee, unless required by Law.
- B.** Seller shall make the Property available for all Buyer Investigations. Buyer shall (i) as specified in paragraph 19B, complete Buyer Investigations and, either remove the contingency or cancel this Agreement, and (ii) give Seller, at no cost, complete Copies of all Investigation reports obtained by Buyer, which obligation shall survive the termination of this Agreement.
- C. Buyer indemnify and Seller protection for entry upon property:** Buyer shall: (i) keep the Property free and clear of liens; (ii) repair all damage arising from Buyer Investigations; and (iii) indemnify and hold Seller harmless from all resulting liability, claims, demands, damages and costs of Buyer's Investigations. Buyer shall carry, or Buyer shall require anyone acting on Buyer's behalf to carry, policies of liability, workers' compensation and other applicable insurance, defending and protecting Seller from liability for any injuries to persons or property occurring during any Buyer Investigations or work done on the Property at Buyer's direction prior to Close Of Escrow. Seller is advised that certain protections may be afforded Seller by recording a "Notice of Non-responsibility" (C.A.R. Form NNR) for Buyer Investigations and work done on the Property at Buyer's direction. Buyer's obligations under this paragraph shall survive the termination or cancellation of this Agreement and Close Of Escrow.
- D. BUYER IS STRONGLY ADVISED TO INVESTIGATE THE CONDITION AND SUITABILITY OF ALL ASPECTS OF THE PROPERTY AND ALL MATTERS AFFECTING THE VALUE OR DESIRABILITY OF THE PROPERTY, INCLUDING BUT NOT LIMITED TO, THE ITEMS SPECIFIED BELOW. IF BUYER DOES NOT EXERCISE THESE RIGHTS, BUYER IS ACTING AGAINST THE ADVICE OF BROKERS. BUYER UNDERSTANDS THAT ALTHOUGH CONDITIONS ARE OFTEN DIFFICULT TO LOCATE AND DISCOVER, ALL REAL PROPERTY CONTAINS CONDITIONS THAT ARE NOT READILY APPARENT AND THAT MAY AFFECT THE VALUE OR DESIRABILITY OF THE PROPERTY. BUYER AND SELLER ARE AWARE THAT BROKERS DO NOT GUARANTEE, AND IN NO WAY ASSUME RESPONSIBILITY FOR, THE CONDITION OF THE PROPERTY. BROKERS HAVE NOT AND WILL NOT VERIFY ANY OF THE ITEMS IN THIS PARAGRAPH 17, UNLESS OTHERWISE AGREED IN WRITING.**
- E. SIZE, LINES, ACCESS AND BOUNDARIES:** Lot size, property lines, legal or physical access and boundaries including features of the Property shared in common with adjoining landowners, such as walls, fences, roads and driveways, whose use or responsibility for maintenance may have an effect on the Property and any encroachments, easements or similar matters that may affect the Property. (Fences, hedges, walls and other natural or constructed barriers or markers do not necessarily identify true Property boundaries. Property lines may be verified by survey.) (Unless otherwise specified in writing, any numerical statements by Brokers regarding lot size are APPROXIMATIONS ONLY, which have not been and will not be verified, and should not be relied upon by Buyer.)
- F. ZONING AND LAND USE:** Past, present, or proposed laws, ordinances, referendums, initiatives, votes, applications and permits affecting the current use of the Property, future development, zoning, building, size, governmental permits and inspections. Any zoning violations, non-conforming uses, or violations of "setback" requirements. (Buyer should also investigate whether these matters affect Buyer's intended use of the Property.)
- G. UTILITIES AND SERVICES:** Availability, costs, restrictions and location of utilities and services, including but not limited to, sewerage, sanitation, septic and leach lines, water, electricity, gas, telephone, cable TV and drainage.

Buyer's Initials ( HAR ) (      )

Seller's Initials (      ) (      )

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VACANT LAND PURCHASE AGREEMENT (VLPA PAGE 5 OF 11)

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0 State Hwy 74,





Property Address: 0 State Hwy 74, Perris, CA 92572

Date: June 1, 2016

- H. ENVIRONMENTAL HAZARDS:** Potential environmental hazards, including, but not limited to, asbestos, lead-based paint and other lead contamination, radon, methane, other gases, fuel, oil or chemical storage tanks, contaminated soil or water, hazardous waste, waste disposal sites, electromagnetic fields, nuclear sources, and other substances, including mold (airborne, toxic or otherwise), fungus or similar contaminant, materials, products or conditions.
- I. GEOLOGIC CONDITIONS:** Geologic/seismic conditions, soil and terrain stability, suitability and drainage including any slippage, sliding, flooding, drainage, grading, fill (compacted or otherwise), or other soil problems.
- J. NATURAL HAZARD ZONE:** Special Flood Hazard Areas, Potential Flooding (Inundation) Areas, Very High Fire Hazard Zones, State Fire Responsibility Areas, Earthquake Fault Zones, Seismic Hazard Zones, or any other zone for which disclosure is required by Law.
- K. PROPERTY DAMAGE:** Major damage to the Property or any of the structures or non-structural systems and components and any personal property included in the sale from fire, earthquake, floods, landslides or other causes.
- L. NEIGHBORHOOD, AREA AND PROPERTY CONDITIONS:** Neighborhood or area conditions, including Agricultural Use Restrictions pursuant to the Williamson Act (Government Code §§51200-51295), Right To Farm Laws (Civil Code §3482.5 and §3482.6), schools, proximity and adequacy of law enforcement, crime statistics, the proximity of registered felons or offenders, fire protection, other government services, availability, adequacy and cost of any speed-wired, wireless internet connections or other telecommunications or other technology services and installations, proximity to commercial, industrial or agricultural activities, existing and proposed transportation, construction and development that may affect noise, view, or traffic, airport noise, noise or odor from any source, abandoned mining operations on the Property, wild and domestic animals, other nuisances, hazards, or circumstances, protected species, wetland properties, botanical diseases, historic or other governmentally protected sites or improvements, cemeteries, facilities and condition of common areas of common interest subdivisions, and possible lack of compliance with any governing documents or Homeowners' Association requirements, conditions and influences of significance to certain cultures and/or religions, and personal needs, requirements and preferences of Buyer.
- M. COMMON INTEREST SUBDIVISIONS: OWNER ASSOCIATIONS:** Facilities and condition of common areas (facilities such as pools, tennis courts, walkways, or other areas co-owned in undivided interest with others), Owners' Association that has any authority over the subject property, CC&Rs, or other deed restrictions or obligations, and possible lack of compliance with any Owners' Association requirements.
- N. SPECIAL TAX:** Any local agencies that levy a special tax on the Property pursuant to the Mello-Roos Community Facilities Act or Improvement Bond Act of 1915.
- O. RENTAL PROPERTY RESTRICTIONS:** Some cities and counties impose restrictions that limit the amount of rent that can be charged, the maximum number of occupants and the right of a landlord to terminate a tenancy.
- P. MANUFACTURED HOME PLACEMENT:** Conditions that may affect the ability to place and use a manufactured home on the Property.
- 18. TITLE AND VESTING:**
- A.** Within the time specified in paragraph 19, Buyer shall be provided a current preliminary title report ("Preliminary Report"). The Preliminary Report is only an offer by the title insurer to issue a policy of title insurance and may not contain every item affecting title. Buyer's review of the Preliminary Report and any other matters which may affect title are a contingency of this Agreement as specified in paragraph 19B. The company providing the Preliminary Report shall, prior to issuing a Preliminary Report, conduct a search of the General Index for all Sellers except banks or other institutional lenders selling properties they acquired through foreclosure (REOs), corporations, and government entities. Seller shall within **7 Days After Acceptance**, give Escrow Holder a completed Statement of Information.
- B.** Title is taken in its present condition subject to all encumbrances, easements, conditions, covenants, restrictions, rights and other matters, whether of record or not, as of the date of Acceptance except for: (i) monetary liens of record (which Seller is obligated to pay off) unless Buyer is assuming those obligations or taking the Property subject to those obligations; and (ii) those matters which Seller has agreed to remove in writing.
- C.** Within the time specified in paragraph 19A, Seller has a duty to disclose to Buyer all matters known to Seller affecting title, whether of record or not.
- D.** At Close Of Escrow, Buyer shall receive a grant deed conveying title (or, for stock cooperative or long-term lease, an assignment of stock certificate or of Seller's leasehold interest), including oil, mineral and water rights if currently owned by Seller. Title shall vest as designated in Buyer's supplemental escrow instructions. **THE MANNER OF TAKING TITLE MAY HAVE SIGNIFICANT LEGAL AND TAX CONSEQUENCES. CONSULT AN APPROPRIATE PROFESSIONAL.**
- E.** Buyer shall receive a "CLTA/ALTA Homeowner's Policy of Title Insurance", if applicable to the type of property and buyer. A title company, at Buyer's request, can provide information about the availability, desirability, coverage, and cost of various title insurance coverages and endorsements. If Buyer desires title coverage other than that required by this paragraph, Buyer shall instruct Escrow Holder in writing and shall pay any increase in cost.
- 19. TIME PERIODS; REMOVAL OF CONTINGENCIES; CANCELLATION RIGHTS:** The following time periods may only be extended, altered, modified or changed by mutual written agreement. Any removal of contingencies or cancellation under this paragraph by either Buyer or Seller must be exercised in good faith and in writing (C.A.R. Form CR or CC).
- A. SELLER HAS: 7 (or \_\_\_\_ ) Days After Acceptance** to Deliver to Buyer all Reports, disclosures and information for which Seller is responsible under paragraphs 3M, 7A, 8, 9, 12A, B, and E, 13, 16A and 18A. Buyer after first Delivering to Seller a Notice to Seller to Perform (C.A.R. Form NSP) may cancel this Agreement if Seller has not Delivered the items within the time specified.
- B. (1) BUYER HAS: 17 (or \_\_\_\_ ) Days After Acceptance**, unless otherwise agreed in writing, to:
- (i) complete all Buyer Investigations; review all disclosures, reports, and other applicable information, which Buyer receives from Seller; and approve all matters affecting the Property; and (ii) Deliver to Seller Signed Copies of Statutory Disclosures and other disclosures Delivered by Seller in accordance with paragraph 12A.
- (2) Within the time specified in paragraph 19B(1), Buyer may request that Seller make repairs or take any other action regarding the Property (C.A.R. Form RR). Seller has no obligation to agree to or respond to (C.A.R. Form RRRR) Buyer's requests.
- (3) By the end of the time specified in paragraph 19B(1) (or as otherwise specified in this Agreement), Buyer shall Deliver to Seller a removal of the applicable contingency or cancellation (C.A.R. Form CR or CC) of this Agreement. However, if any report, disclosure or information for which Seller is responsible is not Delivered within the time specified in paragraph 19A, then Buyer has **5 (or \_\_\_\_ ) Days After Delivery** of any such items, or the time specified in paragraph 19B(1), whichever is later, to Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement.

Buyer's Initials ( HAR ) ( \_\_\_\_\_ )

Seller's Initials ( SB ) ( \_\_\_\_\_ )

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**VACANT LAND PURCHASE AGREEMENT (VLPA PAGE 6 OF 11)**

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0 State Hwy 74,





Property Address: 0 State Hwy 74, Perris, CA 92572

Date: June 1, 2016

(4) **Continuation of Contingency:** Even after the end of the time specified in paragraph 19B(1) and before Seller cancels, if at all, pursuant to paragraph 19C, Buyer retains the right, in writing, to either (i) remove remaining contingencies, or (ii) cancel this Agreement based on a remaining contingency. Once Buyer's written removal of all contingencies is Delivered to Seller, Seller may not cancel this Agreement pursuant to paragraph 19C(1).

**C. SELLER RIGHT TO CANCEL:**

(1) **Seller right to Cancel; Buyer Contingencies:** If, by the time specified in this Agreement, Buyer does not Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement, then Seller, after first Delivering to Buyer a Notice to Buyer to Perform (C.A.R. Form NBP), may cancel this Agreement. In such event, Seller shall authorize the return of Buyer's deposit, except for fees incurred by Buyer.

(2) **Seller right to Cancel; Buyer Contract Obligations:** Seller, after first delivering to Buyer a NBP, may cancel this Agreement if, by the time specified in this Agreement, Buyer does not take the following action(s): (i) Deposit funds as required by paragraph 3A or 3B or if the funds deposited pursuant to paragraph 3A or 3B are not good when deposited; (ii) Deliver a notice of FHA or VA costs or terms as required by paragraph 3D(3) (C.A.R. Form FVA); (iii) Deliver a letter as required by paragraph 3J(1); (iv) Deliver verification as required by paragraph 3C or 3H or if Seller reasonably disapproves of the verification provided by paragraph 3C or 3H; (v) Return Statutory Disclosures as required by paragraph 12A; or (vi) Sign or initial a separate liquidated damages form for an increased deposit as required by paragraphs 3B and 27B; or (vii) Provide evidence of authority to sign in a representative capacity as specified in paragraph 19. In such event, Seller shall authorize the return of Buyer's deposit, except for fees incurred by Buyer.

**D. NOTICE TO BUYER OR SELLER TO PERFORM:** The NBP or NSP shall: (i) be in writing; (ii) be signed by the applicable Buyer or Seller; and (iii) give the other Party at least 2 (or \_\_\_\_ ) Days After Delivery (or until the time specified in the applicable paragraph, whichever occurs last) to take the applicable action. A NBP or NSP may not be Delivered any earlier than 2 Days Prior to the expiration of the applicable time for the other Party to remove a contingency or cancel this Agreement or meet an obligation specified in paragraph 19.

**E. EFFECT OF BUYER'S REMOVAL OF CONTINGENCIES:** If Buyer removes, in writing, any contingency or cancellation rights, unless otherwise specified in writing, Buyer shall conclusively be deemed to have: (i) completed all Buyer Investigations, and review of reports and other applicable information and disclosures pertaining to that contingency or cancellation right; (ii) elected to proceed with the transaction; and (iii) assumed all liability, responsibility and expense for Repairs or corrections pertaining to that contingency or cancellation right, or for the inability to obtain financing.

**F. CLOSE OF ESCROW:** Before Buyer or Seller may cancel this Agreement for failure of the other Party to close escrow pursuant to this Agreement, Buyer or Seller must first Deliver to the other Party a demand to close escrow (C.A.R. Form DCE). The DCE shall: (i) be signed by the applicable Buyer or Seller; and (ii) give the other Party at least 3 (or \_\_\_\_ ) Days After Delivery to close escrow. A DCE may not be Delivered any earlier than 3 Days Prior to the scheduled close of escrow.

**G. EFFECT OF CANCELLATION ON DEPOSITS:** If Buyer or Seller gives written notice of cancellation pursuant to rights duly exercised under the terms of this Agreement, the Parties agree to Sign mutual instructions to cancel the sale and escrow and release deposits, if any, to the party entitled to the funds, less fees and costs incurred by that party. Fees and costs may be payable to service providers and vendors for services and products provided during escrow. Except as specified below, **release of funds will require mutual Signed release instructions from the Parties, judicial decision or arbitration award.** If either Party fails to execute mutual instructions to cancel escrow, one Party may make a written demand to Escrow Holder for the deposit (C.A.R. Form BDRD or SDRD). Escrow Holder, upon receipt, shall promptly deliver notice of the demand to the other Party. If, within 10 Days After Escrow Holder's notice, the other Party does not object to the demand, Escrow Holder shall disburse the deposit to the Party making the demand. If Escrow Holder complies with the preceding process, each Party shall be deemed to have released Escrow Holder from any and all claims or liability related to the disbursement of the deposit. Escrow Holder, at its discretion, may nonetheless require mutual cancellation instructions. **A Party may be subject to a civil penalty of up to \$1,000 for refusal to sign cancellation instructions if no good faith dispute exists as to who is entitled to the deposited funds (Civil Code §1057.3).**

**20. REPAIRS:** Repairs shall be completed prior to final verification of condition unless otherwise agreed in writing. Repairs to be performed at Seller's expense may be performed by Seller or through others, provided that the work complies with applicable Law, including governmental permit, inspection and approval requirements. Repairs shall be performed in a good, skillful manner with materials of quality and appearance comparable to existing materials. It is understood that exact restoration of appearance or cosmetic items following all Repairs may not be possible. Seller shall: (i) obtain invoices and paid receipts for Repairs performed by others; (ii) prepare a written statement indicating the Repairs performed by Seller and the date of such Repairs; and (iii) provide Copies of invoices and paid receipts and statements to Buyer prior to final verification of condition.

**21. FINAL VERIFICATION OF CONDITION:** Buyer shall have the right to make a final verification of the Property within 5 (or \_\_\_\_ ) Days Prior to Close Of Escrow, NOT AS A CONTINGENCY OF THE SALE, but solely to confirm: (i) the Property is maintained pursuant to paragraph 16; (ii) Repairs have been completed as agreed; and (iii) Seller has complied with Seller's other obligations under this Agreement (C.A.R. Form VP).

**22. ENVIRONMENTAL HAZARD CONSULTATION:** Buyer and Seller acknowledge: (i) Federal, state, and local legislation impose liability upon existing and former owners and users of real property, in applicable situations, for certain legislatively defined, environmentally hazardous substances; (ii) Broker(s) has/have made no representation concerning the applicability of any such Law to this transaction or to Buyer or to Seller, except as otherwise indicated in this Agreement; (iii) Broker(s) has/have made no representation concerning the existence, testing, discovery, location and evaluation of/for, and risks posed by, environmentally hazardous substances, if any, located on or potentially affecting the Property; and (iv) Buyer and Seller are each advised to consult with technical and legal experts concerning the existence, testing, discovery, location and evaluation of/for, and risks posed by, environmentally hazardous substances, if any, located on or potentially affecting the Property.

**23. PRORATIONS OF PROPERTY TAXES AND OTHER ITEMS:** Unless otherwise agreed in writing, the following items shall be PAID CURRENT and prorated between Buyer and Seller as of Close Of Escrow: real property taxes and assessments, interest, rents, HOA regular, special, and emergency dues and assessments imposed prior to Close Of Escrow, premiums on insurance assumed by Buyer, payments on bonds and assessments assumed by Buyer, and payments on Mello-Roos and other Special Assessment

Buyer's Initials ( JHAR ) ( \_\_\_\_\_ )

Seller's Initials ( [Signature] ) ( \_\_\_\_\_ )

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Property Address: 0 State Hwy 74, Porra, CA 92572

Date: June 1, 2016

District bonds and assessments that are now a lien. The following items shall be assumed by Buyer WITHOUT CREDIT toward the purchase price: prorated payments on Mello-Roos and other Special Assessment District bonds and assessments and HOA special assessments that are now a lien but not yet due. Property will be reassessed upon change of ownership. Any supplemental tax bills shall be paid as follows: (i) for periods after Close Of Escrow, by Buyer; and (ii) for periods prior to Close Of Escrow, by Seller (see C.A.R. Form SPT or SBSA for further information). TAX BILLS ISSUED AFTER CLOSE OF ESCROW SHALL BE HANDLED DIRECTLY BETWEEN BUYER AND SELLER. Prorations shall be made based on a 30-day month.

**24. BROKERS:**

- A. COMPENSATION:** Seller or Buyer, or both, as applicable, agrees to pay compensation to Broker as specified in a separate written agreement between Broker and that Seller or Buyer. Compensation is payable upon Close Of Escrow, or if escrow does not close, as otherwise specified in the agreement between Broker and that Seller or Buyer.
- B. SCOPE OF DUTY:** Buyer and Seller acknowledge and agree that Broker: (i) Does not decide what price Buyer should pay or Seller should accept; (ii) Does not guarantee the condition of the Property; (iii) Does not guarantee the performance, adequacy or completeness of inspections, services, products or repairs provided or made by Seller or others; (iv) Does not have an obligation to conduct an inspection of common areas or areas off the site of the Property; (v) Shall not be responsible for identifying defects on the Property, in common areas, or offsite unless such defects are visually observable by an inspection of reasonably accessible areas of the Property or are known to Broker; (vi) Shall not be responsible for inspecting public records or permits concerning the title or use of Property; (vii) Shall not be responsible for identifying the location of boundary lines or other items affecting title; (viii) Shall not be responsible for verifying square footage, representations of others or information contained in Investigation reports, Multiple Listing Service, advertisements, flyers or other promotional material; (ix) Shall not be responsible for determining the fair market value of the Property or any personal property included in the sale; (x) Shall not be responsible for providing legal or tax advice regarding any aspect of a transaction entered into by Buyer or Seller; and (xi) Shall not be responsible for providing other advice or information that exceeds the knowledge, education and experience required to perform real estate licensed activity. Buyer and Seller agree to seek legal, tax, insurance, title and other desired assistance from appropriate professionals.

**25. REPRESENTATIVE CAPACITY:** If one or more Parties is signing the Agreement in a representative capacity and not for him/herself as an individual then that Party shall so indicate in paragraph 37 or 38 and attach a Representative Capacity Signature Addendum (C.A.R. Form RCSD). Wherever the signature or initials of the representative identified in the RCSD appear on the Agreement or any related documents, it shall be deemed to be in a representative capacity for the entity described and not in an individual capacity, unless otherwise indicated. The Party acting in a representative capacity (i) represents that the entity for which that party is acting already exists and (ii) shall Deliver to the other Party and Escrow Holder, within 3 Days After Acceptance, evidence of authority to act in that capacity (such as but not limited to: applicable portion of the trust or Certification Of Trust (Probate Code §18100.5), letters testamentary, court order, power of attorney, corporate resolution, or formation documents of the business entity).

**26. JOINT ESCROW INSTRUCTIONS TO ESCROW HOLDER:**

- A. The following paragraphs, or applicable portions thereof, of this Agreement constitute the joint escrow instructions of Buyer and Seller to Escrow Holder, which Escrow Holder is to use along with any related counter offers and addenda, and any additional mutual instructions to close the escrow: paragraphs 1, 3, 4B, 5, 6, 7A, 8, 9, 12B, 18, 19G, 23, 24A, 25, 26, 32, 35, 36, 37, 38 and paragraph D of the section titled Real Estate Brokers on page 11. If a Copy of the separate compensation agreement(s) provided for in paragraph 24A, or paragraph D of the section titled Real Estate Brokers on page 10 is deposited with Escrow Holder by Broker, Escrow Holder shall accept such agreement(s) and pay out from Buyer's or Seller's funds, or both, as applicable, the Broker's compensation provided for in such agreement(s). The terms and conditions of this Agreement not set forth in the specified paragraphs are additional matters for the information of Escrow Holder, but about which Escrow Holder need not be concerned. Buyer and Seller will receive Escrow Holder's general provisions, if any, directly from Escrow Holder and will execute such provisions within the time specified in paragraph 9B(1)(c). To the extent the general provisions are inconsistent or conflict with this Agreement, the general provisions will control as to the duties and obligations of Escrow Holder only. Buyer and Seller will execute additional instructions, documents and forms provided by Escrow Holder that are reasonably necessary to close the escrow and, as directed by Escrow Holder, within 3 (or \_\_\_\_\_) Days, shall pay to Escrow Holder or HOA or HOA management company or others any fee required by paragraphs 9, 12 or elsewhere in this Agreement.**
- B. A Copy of this Agreement including any counter offer(s) and addenda shall be delivered to Escrow Holder within 3 Days After Acceptance (or \_\_\_\_\_). Buyer and Seller authorize Escrow Holder to accept and rely on Copies and Signatures as defined in this Agreement as originals, to open escrow and for other purposes of escrow. The validity of this Agreement as between Buyer and Seller is not affected by whether or when Escrow Holder Signs this Agreement. Escrow Holder shall provide Seller's Statement of Information to Title company when received from Seller. If Seller delivers an affidavit to Escrow Holder to satisfy Seller's FIRPTA obligation under paragraph 12B, Escrow Holder shall deliver to Buyer a Qualified Substitute statement that complies with federal Law.**
- C. Brokers are a party to the escrow for the sole purpose of compensation pursuant to paragraph 24A and paragraph D of the section titled Real Estate Brokers on page 11. Buyer and Seller irrevocably assign to Brokers compensation specified in paragraph 24A, and irrevocably instruct Escrow Holder to disburse those funds to Brokers at Close Of Escrow or pursuant to any other mutually executed cancellation agreement. Compensation instructions can be amended or revoked only with the written consent of Brokers. Buyer and Seller shall release and hold harmless Escrow Holder from any liability resulting from Escrow Holder's payment to Broker(s) of compensation pursuant to this Agreement.**
- D. Upon receipt, Escrow Holder shall provide Seller and Seller's Broker verification of Buyer's deposit of funds pursuant to paragraph 3A and 3B. Once Escrow Holder becomes aware of any of the following, Escrow Holder shall immediately notify all Brokers: (i) if Buyer's initial or any additional deposit is not made pursuant to this Agreement, or is not good at time of deposit with Escrow Holder; or (ii) if Buyer and Seller instruct Escrow Holder to cancel escrow.**
- E. A Copy of any amendment that affects any paragraph of this Agreement for which Escrow Holder is responsible shall be delivered to Escrow Holder within 3 Days after mutual execution of the amendment.**

Buyer's Initials ( JAR ) ( \_\_\_\_\_ )

Seller's Initials ( [Signature] ) ( \_\_\_\_\_ )

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VACANT LAND PURCHASE AGREEMENT (VLPA PAGE 8 OF 11)

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0 State Hwy 74,





Property Address: 0 State Hwy 74, Perris, CA 92572

Date: June 1, 2016

**27. REMEDIES FOR BUYER'S BREACH OF CONTRACT:**

- A. Any clause added by the Parties specifying a remedy (such as release or forfeiture of deposit or making a deposit non-refundable) for failure of Buyer to complete the purchase in violation of this Agreement shall be deemed invalid unless the clause independently satisfies the statutory liquidated damages requirements set forth in the Civil Code.
- B. **LIQUIDATED DAMAGES:** If Buyer fails to complete this purchase because of Buyer's default, Seller shall retain, as liquidated damages, the deposit actually paid. Buyer and Seller agree that this amount is a reasonable sum given that it is impractical or extremely difficult to establish the amount of damages that would actually be suffered by Seller in the event Buyer were to breach this Agreement. Release of funds will require mutual, Signed release instructions from both Buyer and Seller, Judicial decision or arbitration award. AT TIME OF ANY INCREASED DEPOSIT BUYER AND SELLER SHALL SIGN A SEPARATE LIQUIDATED DAMAGES PROVISION INCORPORATING THE INCREASED DEPOSIT AS LIQUIDATED DAMAGES (C.A.R. FORM RID).

Buyer's Initials HAH /

Seller's Initials JS /

**28. DISPUTE RESOLUTION:**

- A. **MEDIATION:** The Parties agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction, before resorting to arbitration or court action through the C.A.R. Consumer Mediation Center ([www.consumermediation.org](http://www.consumermediation.org)) or through any other mediation provider or service mutually agreed to by the Parties. The Parties also agree to mediate any disputes or claims with Broker(s), who, in writing, agree to such mediation prior to, or within a reasonable time after, the dispute or claim is presented to the Broker. Mediation fees, if any, shall be divided equally among the Parties involved. If, for any dispute or claim to which this paragraph applies, any Party (i) commences an action without first attempting to resolve the matter through mediation, or (ii) before commencement of an action, refuses to mediate after a request has been made, then that Party shall not be entitled to recover attorney fees, even if they would otherwise be available to that Party in any such action. THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED. Exclusions from this mediation agreement are specified in paragraph 28C.

- B. **ARBITRATION OF DISPUTES:** The Parties agree that any dispute or claim in Law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration. The Parties also agree to arbitrate any disputes or claims with Broker(s), who, in writing, agree to such arbitration prior to, or within a reasonable time after, the dispute or claim is presented to the Broker. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of transactional real estate Law experience, unless the parties mutually agree to a different arbitrator. The Parties shall have the right to discovery in accordance with Code of Civil Procedure §1283.05. In all other respects, the arbitration shall be conducted in accordance with Title 9 of Part 3 of the Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered into any court having jurisdiction. Enforcement of this agreement to arbitrate shall be governed by the Federal Arbitration Act. Exclusions from this arbitration agreement are specified in paragraph 28C.

"NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY."

"WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION."

Buyer's Initials HAH /

Seller's Initials JS /

**C. ADDITIONAL MEDIATION AND ARBITRATION TERMS:**

- (1) **EXCLUSIONS:** The following matters are excluded from mediation and arbitration: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage or installment land sale contract as defined in Civil Code §2985; (ii) an unlawful detainer action; and (iii) any matter that is within the jurisdiction of a probate, small claims or bankruptcy court.
- (2) **PRESERVATION OF ACTIONS:** The following shall not constitute a waiver nor violation of the mediation and arbitration provisions: (i) the filing of a court action to preserve a statute of limitations; (ii) the filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies; or (iii) the filing of a mechanic's lien.
- (3) **BROKERS:** Brokers shall not be obligated nor compelled to mediate or arbitrate unless they agree to do so in writing. Any Broker(s) participating in mediation or arbitration shall not be deemed a party to the Agreement.

**29. SELECTION OF SERVICE PROVIDERS:** Brokers do not guarantee the performance of any vendors, service or product providers ("Providers"), whether referred by Broker or selected by Buyer, Seller or other person. Buyer and Seller may select ANY Providers of their own choosing.

**30. MULTIPLE LISTING SERVICE ("MLS"):** Brokers are authorized to report to the MLS a pending sale and, upon Close Of Escrow, the sales price and other terms of this transaction shall be provided to the MLS to be published and disseminated to persons and entities authorized to use the information on terms approved by the MLS.

Buyer's Initials ( HAH ) ( \_\_\_\_\_ )

Seller's Initials ( JS ) ( \_\_\_\_\_ )

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**VACANT LAND PURCHASE AGREEMENT (VLPA PAGE 9 OF 11)**

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0 State Hwy 74,





Property Address: 0 State Hwy 74, Ferndale, CA 92572

Date: June 1, 2016

31. **ATTORNEY FEES:** In any action, proceeding, or arbitration between Buyer and Seller arising out of this Agreement, the prevailing Buyer or Seller shall be entitled to reasonable attorneys fees and costs from the non-prevailing Buyer or Seller, except as provided in paragraph 28A.
32. **ASSIGNMENT:** Buyer shall not assign all or any part of Buyer's interest in this Agreement without first having obtained the written consent of Seller. Such consent shall not be unreasonably withheld unless otherwise agreed in writing. Any total or partial assignment shall not relieve Buyer of Buyer's obligations pursuant to this Agreement unless otherwise agreed in writing by Seller (C.A.R. Form AOAA).
33. **EQUAL HOUSING OPPORTUNITY:** The Property is sold in compliance with federal, state and local anti-discrimination Laws.
34. **TERMS AND CONDITIONS OF OFFER:** This is an offer to purchase the Property on the above terms and conditions. The liquidated damages paragraph or the arbitration of disputes paragraph is incorporated in this Agreement if initiated by all Parties or if incorporated by mutual agreement in a counteroffer or addendum. If at least one but not all Parties initial, a counter offer is required until agreement is reached. Seller has the right to continue to offer the Property for sale and to accept any other offer at any time prior to notification of Acceptance. Buyer has read and acknowledges receipt of a Copy of the offer and agrees to the confirmation of agency relationships. If this offer is accepted and Buyer subsequently defaults, Buyer may be responsible for payment of Brokers' compensation. This Agreement and any supplement, addendum or modification, including any Copy, may be Signed in two or more counterparts, all of which shall constitute one and the same writing.
35. **TIME OF ESSENCE; ENTIRE CONTRACT; CHANGES:** Time is of the essence. All understandings between the Parties are incorporated in this Agreement. Its terms are intended by the Parties as a final, complete and exclusive expression of their Agreement with respect to its subject matter, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. If any provision of this Agreement is held to be ineffective or invalid, the remaining provisions will nevertheless be given full force and effect. Except as otherwise specified, this Agreement shall be interpreted and disputes shall be resolved in accordance with the Laws of the State of California. **Neither this Agreement nor any provision in it may be extended, amended, modified, altered or changed, except in writing Signed by Buyer and Seller.**
36. **DEFINITIONS:** As used in this Agreement:
- A. "Acceptance" means the time the offer or final counter offer is accepted in writing by a Party and is delivered to and personally received by the other Party or that Party's authorized agent in accordance with the terms of this offer or a final counter offer.
  - B. "Agreement" means this document and any counter offers and any incorporated addenda, collectively forming the binding agreement between the Parties. Addenda are incorporated only when Signed by all Parties.
  - C. "C.A.R. Form" means the most current version of the specific form referenced or another comparable form agreed to by the parties.
  - D. "Close Of Escrow" means the date the grant deed, or other evidence of transfer of title, is recorded.
  - E. "Copy" means copy by any means including photocopy, NCR, facsimile and electronic.
  - F. "Days" means calendar days. However, after Acceptance, the last Day for performance of any act required by this Agreement (including Close Of Escrow) shall not include any Saturday, Sunday, or legal holiday and shall instead be the next Day.
  - G. "Days After" means the specified number of calendar days after the occurrence of the event specified, not counting the calendar date on which the specified event occurs, and ending at 11:59 PM on the final day.
  - H. "Days Prior" means the specified number of calendar days before the occurrence of the event specified, not counting the calendar date on which the specified event is scheduled to occur.
  - I. "Deliver", "Delivered" or "Delivery", unless otherwise specified in writing, means and shall be effective upon: personal receipt by Buyer or Seller or the individual Real Estate Licensee for that principal as specified in the section titled Real Estate Brokers on page 11, regardless of the method used (i.e., messenger, mail, email, fax, other).
  - J. "Electronic Copy" or "Electronic Signature" means, as applicable, an electronic copy or signature complying with California Law. Buyer and Seller agree that electronic means will not be used by either Party to modify or alter the content or integrity of this Agreement without the knowledge and consent of the other Party.
  - K. "Law" means any law, code, statute, ordinance, regulation, rule or order, which is adopted by a controlling city, county, state or federal legislative, judicial or executive body or agency.
  - L. "Repairs" means any repairs (including pest control), alterations, replacements, modifications or retrofitting of the Property provided for under this Agreement.
  - M. "Signed" means either a handwritten or electronic signature on an original document, Copy or any counterpart.
37. **EXPIRATION OF OFFER:** This offer shall be deemed revoked and the deposit, if any, shall be returned to Buyer unless the offer is Signed by Seller and a Copy of the Signed offer is personally received by Buyer, or by \_\_\_\_\_, who is authorized to receive it, by 5:00 PM on the third Day after this offer is signed by Buyer (or by \_\_\_\_\_ ☐ AM/ ☐ PM, on (date)).

☐ One or more Buyers is signing the Agreement in a representative capacity and not for him/herself as an individual. See attached Representative Capacity Signature Disclosure (C.A.R. Form RCSD-B) for additional terms.

Date 06/01/2016 BUYER Heudar Arsalan Rad 06/01/2016 19:20:54

(Print name) Heudar Arsalan Rad

Date \_\_\_\_\_ BUYER \_\_\_\_\_

(Print name) \_\_\_\_\_

☐ Additional Signature Addendum attached (C.A.R. Form ASA).

Buyer's Initials ( HAR ) ( \_\_\_\_\_ )

Seller's Initials ( [Signature] ) ( \_\_\_\_\_ )

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VACANT LAND PURCHASE AGREEMENT (VLPA PAGE 10 OF 11)

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Property Address: 0 State Hwy 74, Perris, CA 92572

Date: June 1, 2016

**38. ACCEPTANCE OF OFFER:** Seller warrants that Seller is the owner of the Property, or has the authority to execute this Agreement. Seller accepts the above offer and agrees to sell the Property on the above terms and conditions, and agrees to the above confirmation of agency relationships. Seller has read and acknowledges receipt of a Copy of this Agreement, and authorizes Broker to Deliver a Signed Copy to Buyer.

☐ (If checked) SELLER'S ACCEPTANCE IS SUBJECT TO ATTACHED COUNTER OFFER (C.A.R. Form SCO or SMC0) DATED:

☐ One or more Sellers is signing the Agreement in a representative capacity and not for him/herself as an individual. See attached Representative Capacity Signature Disclosure (C.A.R. Form RCSD-S) for additional terms.

Date 6/2/16 SELLER [Signature]  
(Print name) \_\_\_\_\_

Date \_\_\_\_\_ SELLER \_\_\_\_\_  
(Print name) \_\_\_\_\_

☐ Additional Signature Addendum attached (C.A.R. Form ASA).

(\_\_\_\_\_/\_\_\_\_\_) (Do not initial if making a counter offer.) **CONFIRMATION OF ACCEPTANCE:** A Copy of Signed Acceptance was personally received by Buyer or Buyer's authorized agent on (date) \_\_\_\_\_ at \_\_\_\_\_  
☐ AM/ ☐ PM. A binding Agreement is created when a Copy of Signed Acceptance is personally received by Buyer or Buyer's authorized agent whether or not confirmed in this document. Completion of this confirmation is not legally required in order to create a binding Agreement; it is solely intended to evidence the date that Confirmation of Acceptance has occurred.

**REAL ESTATE BROKERS:**

**A. Real Estate Brokers are not parties to the Agreement between Buyer and Seller.**

**B. Agency relationships are confirmed as stated in paragraph 2.**

**C. If specified in paragraph 3A(2), Agent who submitted the offer for Buyer acknowledges receipt of deposit.**

**D. COOPERATING BROKER COMPENSATION:** Listing Broker agrees to pay Cooperating Broker (Selling Firm) and Cooperating Broker agrees to accept, out of Listing Broker's proceeds in escrow, the amount specified in the MLS, provided Cooperating Broker is a Participant of the MLS in which the Property is offered for sale or a reciprocal MLS. If Listing Broker and Cooperating Broker are not both Participants of the MLS, or a reciprocal MLS, in which the Property is offered for sale, then compensation must be specified in a separate written agreement (C.A.R. Form CBC). Declaration of License and Tax (C.A.R. Form DLT) may be used to document that tax reporting will be required or that an exemption exists.

Real Estate Broker (Selling Firm) Realty Executives Experts/Sam Ali CalBRE Lic. # 01519644  
By Sam Ali (Syed Zaid) CalBRE Lic. # 01225312 Date 06/01/2016 19:21:36  
By \_\_\_\_\_ CalBRE Lic. # \_\_\_\_\_ Date \_\_\_\_\_  
Address 9220 Haven Avenue # 300 City Rancho Cucamonga State CA Zip 91730  
Telephone (909) 354-4430 Fax (909) 892-7804 E-mail samali@ashrealtors.com  
Real Estate Broker (Listing Firm) Keller Williams Realty CalBRE Lic. # \_\_\_\_\_  
By \_\_\_\_\_ CalBRE Lic. # \_\_\_\_\_ Date \_\_\_\_\_  
By \_\_\_\_\_ CalBRE Lic. # \_\_\_\_\_ Date \_\_\_\_\_  
Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
Telephone \_\_\_\_\_ Fax \_\_\_\_\_ E-mail \_\_\_\_\_

**ESCROW HOLDER ACKNOWLEDGMENT:**

Escrow Holder acknowledges receipt of a Copy of this Agreement, (if checked, ☐ a deposit in the amount of \$ \_\_\_\_\_), counter offer numbers \_\_\_\_\_, and agrees to act as Escrow Holder subject to paragraph 26 of this Agreement, any supplemental escrow instructions and the terms of Escrow Holder's general provisions.

Escrow Holder is advised that the date of Confirmation of Acceptance of the Agreement as between Buyer and Seller is \_\_\_\_\_

Escrow Holder \_\_\_\_\_ Escrow # \_\_\_\_\_  
By \_\_\_\_\_ Date \_\_\_\_\_  
Address \_\_\_\_\_  
Phone/Fax/E-mail \_\_\_\_\_

Escrow Holder has the following license number # \_\_\_\_\_

☐ Department of Business Oversight, ☐ Department of Insurance, ☐ Bureau of Real Estate.

**PRESENTATION OF OFFER:** (\_\_\_\_\_) Listing Broker presented this offer to Seller on \_\_\_\_\_ (date).  
Broker or Designee Initials \_\_\_\_\_

**REJECTION OF OFFER:** (\_\_\_\_\_) (\_\_\_\_\_) No counter offer is being made. This offer was rejected by Seller on \_\_\_\_\_ (date).  
Seller's Initials \_\_\_\_\_

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VLPA REVISED 11/14 (PAGE 11 OF 11)

Buyer's Acknowledge that page 11 is part of  
this Agreement ( HAAR ) ( \_\_\_\_\_ )

Reviewed by  
Broker or Designee \_\_\_\_\_



**VACANT LAND PURCHASE AGREEMENT (VLPA PAGE 11 OF 11)**  
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0 State Hwy 74,





**BUYER'S INSPECTION ADVISORY**  
(C.A.R. Form BIA, Revised 11/14)

Property Address: 0 State Hwy 74, Perris, CA 92572

("Property").

**1. IMPORTANCE OF PROPERTY INVESTIGATION:** The physical condition of the land and improvements being purchased is not guaranteed by either Seller or Brokers. You have an affirmative duty to exercise reasonable care to protect yourself, including discovery of the legal, practical and technical implications of disclosed facts, and the investigation and verification of information and facts that you know or that are within your diligent attention and observation. A general physical inspection typically does not cover all aspects of the Property nor items affecting the Property that are not physically located on the Property. If the professionals recommend further investigations, including a recommendation by a pest control operator to inspect inaccessible areas of the Property, you should contact qualified experts to conduct such additional investigations.

**2. BROKER OBLIGATIONS:** Brokers do not have expertise in all areas and therefore cannot advise you on many items, such as those listed below. If Broker gives you referrals to professionals, Broker does not guarantee their performance.

**3. YOU ARE STRONGLY ADVISED TO INVESTIGATE THE CONDITION AND SUITABILITY OF ALL ASPECTS OF THE PROPERTY, INCLUDING BUT NOT LIMITED TO THE FOLLOWING. IF YOU DO NOT DO SO, YOU ARE ACTING AGAINST THE ADVICE OF BROKERS.**

- A. GENERAL CONDITION OF THE PROPERTY, ITS SYSTEMS AND COMPONENTS:** Foundation, roof (condition, age, leaks, useful life), plumbing, heating, air conditioning, electrical, mechanical, security, pool/spa (cracks, leaks, operation), other structural and nonstructural systems and components, fixtures, built-in appliances, any personal property included in the sale, and energy efficiency of the Property.
- B. SQUARE FOOTAGE, AGE, BOUNDARIES:** Square footage, room dimensions, lot size, age of improvements and boundaries. Any numerical statements regarding these items are APPROXIMATIONS ONLY and have not been verified by Seller and cannot be verified by Brokers. Fences, hedges, walls, retaining walls and other barriers or markers do not necessarily identify true Property boundaries.
- C. WOOD DESTROYING PESTS:** Presence of, or conditions likely to lead to the presence of wood destroying pests and organisms.
- D. SOIL STABILITY:** Existence of fill or compacted soil, expansive or contracting soil, susceptibility to slippage, settling or movement, and the adequacy of drainage.
- E. WATER AND UTILITIES; WELL SYSTEMS AND COMPONENTS; WASTE DISPOSAL:** Water and utility availability, use restrictions and costs. Water quality, adequacy, condition, and performance of well systems and components. The type, size, adequacy, capacity and condition of sewer and septic systems and components, connection to sewer, and applicable fees.
- F. ENVIRONMENTAL HAZARDS:** Potential environmental hazards, including, but not limited to, asbestos, lead-based paint and other lead contamination, radon, methane, other gases, fuel oil or chemical storage tanks, contaminated soil or water, hazardous waste, waste disposal sites, electromagnetic fields, nuclear sources, and other substances, materials, products, or conditions (including mold (airborne, toxic or otherwise), fungus or similar contaminants).
- G. EARTHQUAKES AND FLOODING:** Susceptibility of the Property to earthquake/seismic hazards and propensity of the Property to flood.
- H. FIRE, HAZARD AND OTHER INSURANCE:** The availability and cost of necessary or desired insurance may vary. The location of the Property in a seismic, flood or fire hazard zone, and other conditions, such as the age of the Property and the claims history of the Property and Buyer, may affect the availability and need for certain types of insurance. Buyer should explore insurance options early as this information may affect other decisions, including the removal of loan and inspection contingencies.
- I. BUILDING PERMITS, ZONING AND GOVERNMENTAL REQUIREMENTS:** Permits, inspections, certificates, zoning, other governmental limitations, restrictions, and requirements affecting the current or future use of the Property, its development or size.
- J. RENTAL PROPERTY RESTRICTIONS:** Some cities and counties impose restrictions that limit the amount of rent that can be charged, the maximum number of occupants, and the right of a landlord to terminate a tenancy. Deadbolt or other locks and security systems for doors and windows, including window bars, should be examined to determine whether they satisfy legal requirements.
- K. SECURITY AND SAFETY:** State and local Law may require the installation of barriers, access alarms, self-latching mechanisms and/or other measures to decrease the risk to children and other persons of existing swimming pools and hot tubs, as well as various fire safety and other measures concerning other features of the Property.
- L. NEIGHBORHOOD, AREA, SUBDIVISION CONDITIONS; PERSONAL FACTORS:** Neighborhood or area conditions, including schools, law enforcement, crime statistics, registered felons or offenders, fire protection, other government services, availability, adequacy and cost of internet connections or other technology services and installations, commercial, industrial or agricultural activities, existing and proposed transportation, construction and development that may affect noise, view, or traffic, airport noise, noise or odor from any source, wild and domestic animals, other nuisances, hazards, or circumstances, protected species, wetland properties, botanical diseases, historic or other governmentally protected sites or improvements, cemeteries, facilities and condition of common areas of common interest subdivisions, and possible lack of compliance with any governing documents or Homeowners' Association requirements, conditions and influences of significance to certain cultures and/or religions, and personal needs, requirements and preferences of Buyer.

By signing below, Buyers acknowledge that they have read, understand, accept and have received a Copy of this Advisory.

Buyers are encouraged to read it carefully.

Buyer Heydar Arsalan Rud 06/01/2016 19:20:54

Buyer \_\_\_\_\_

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Reviewed by \_\_\_\_\_ Date \_\_\_\_\_



**BUYER'S INSPECTION ADVISORY (BIA PAGE 1 OF 1)**

Realty Executives, 9220 Haven Avenue Suite 100 Rancho Cucamonga, CA 91730  
Sam Ali Syed Zaidi

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Phone: 949-354-4430

Fax: 909-802-7904

0 State Hwy 74,



Counteroffer re Purchase and Sale of  
Vacant Lot, APN: 349-060-043, Palm Desert, CA 92111 (Riverside County)

PERRIS, 92570

This is a counteroffer ("Counteroffer") to the June 1, 2016, "CA Vacant Land Purchase Agreement and Joint Escrow Instructions" received from Heydar Arsalan Rad (the "Buyer's Offer") for the purchase of the real property commonly known as Vacant Lot, APN: 349-060-043, Palm Desert, CA 92111, Riverside County ("Property"), by Heydar Arsalan Rad ("Buyer") from Lynda T. Bui, solely in her capacity as the Chapter 7 Trustee ("Seller" and, together with Buyer, the "Parties"), for the Bankruptcy Estate of James Andrew Gonzales and Estela Ortega Gonzales (Bankruptcy Case No.: 6:15-bk-13359-SY (the "Debtor").

When fully-executed below, this Counteroffer will constitute conclusive evidence of the contract for the sale and purchase of the Property (the "Sale") and the Parties' agreement for the Sale, subject to approval by the Bankruptcy Court in the Debtor's Bankruptcy case and further or more complete documentation in Seller's discretion. **This Counteroffer Supersedes the Buyer's Proposal.** Seller may elect to deem this Counteroffer the definitive agreement between the Parties regarding the Sale.

1. Purchase Price: The purchase price for the Property shall be \$18,400; all cash (the "Purchase Price").
2. Initial Deposit: Within two (2) business days following Buyer's execution of this Counteroffer, Buyer shall deliver to escrow, together with an executed copy of this Counteroffer, the sum of \$3,000, to be applied toward the Purchase Price (the "Deposit"), as follows:

Antonia Delgado, Escrow Officer  
A & A Escrow Services, Inc.  
415 N. Crescent Drive, Suite 320  
Beverly Hills, CA 90210  
Telephone: (310) 550-6055; Facsimile: (310) 550-6130  
Email: [antonia@aaescrow.com](mailto:antonia@aaescrow.com)

3. Due Diligence Period: Buyer acknowledges that he/she/it is familiar with the Property and that the Buyer has previously viewed the Property. Nevertheless, at Buyer's sole expense, Buyer shall have until 2:00 p.m. PDT, Friday, June 17, 2016, to obtain all investigations, appraisals and tests, and to complete any and all due diligence which the Buyer desires (the "Due Diligence Deadline"). By no later than the Due Diligence Deadline, Buyer may advise Seller, in writing, of his/her/its election to cancel the Sale, in which case Buyer shall receive a full refund of the Deposit (the "Notice to Cancel"). Absent Buyer's submission of a Notice to Cancel in accordance with this paragraph 3, the Sale shall be without any further contingencies or due diligence requirements of the Buyer.

Without limiting the generality of the foregoing, Buyer's silence shall be deemed an acceptance and affirmative election to proceed with the Sale without any further contingencies or due diligence requirements.

4. Bankruptcy Court Approval: The Sale is expressly subject to Bankruptcy Court approval in the Debtor's bankruptcy case. As soon as reasonably practical following expiration of the Due Diligence Deadline without Buyer's submission of a Notice to Cancel, the Seller will file a motion to approve the Sale with the Bankruptcy Court pursuant to section 363 of the United States Bankruptcy Code (11 U.S.C. § 363) (the "Approval Motion"). As part of such motion, the Seller will request a finding of the Buyer's "good faith" in accordance with section 363(m) of the Bankruptcy Code.
5. Tender of Balance of Purchase Price/Closing: The Sale shall close with Buyer tendering the full Purchase Price, not more than fifteen (15) calendar days after the entry of an order of the Bankruptcy Court authorizing the Sale.
6. Property Sold "As is" "Where is": The Buyer acknowledges that the Seller is a Trustee appointed to administer a Bankruptcy Estate. The Seller and or Seller's agents have not, and will not, inspect the Property or determine its condition, fitness or use for any particular purpose, nor will any of them provide any written disclosures, guarantees or warranties of any kind. Seller and Seller's agents are exempt from complying with the requirements of Article 1.5 of the California Civil Code Sections 1102-1102.17 relating to disclosures upon transfer of real property. **The sale shall be "as-is" and "where is" with no warranty or recourse whatsoever.** If any state or local ordinance laws require that the Property be brought into compliance, the Buyer, at his/her/its sole expense, shall comply with and pay for any such requirements.
7. Transfer of Property: Transfer of the Property by Seller shall be by Trustee's Fiduciary Quitclaim Deed. The Seller shall convey and the Buyer shall accept the marketable title to the Property that will be insured by Fidelity National Title Company, without material exception, subject only to the terms of this Counteroffer and any further documentation of the Sale consistent with this Counteroffer.
8. Liens, Claims, Encumbrances and Interests: The Sale shall be free and clear of such Liens, with the extent, validity and priority of such liens to attach to the net proceeds of the Sale.
9. Assessments, Taxes and Escrow fees: The following assessments, taxes and other costs shall be allocated as follows: (a) all allowable assessments and real property taxes shall be prorated through the closing date of the

Sale to the applicable accounts of the Seller and the Buyer, such that the amounts applicable to the account of the Buyer shall not be deducted from the Purchase Price; (b) escrow fees shall be split equally between the Buyer and the Seller (50/50), such that the amounts allocable to the Buyer shall not be deducted from the Purchase Price; (c) the Seller shall pay real property transfer tax (County and State only) and the costs of a standard issue title insurance policy, such that these taxes and costs shall not be deducted from the Purchase Price; and (d) City transfer tax shall be split equally between Buyer and Seller (50/50), such that the amount allocable to the Buyer shall not be deducted from the Purchase Price. **All other costs are at Buyer's sole expense and are not to be deducted from the Purchase Price.**

10. Overbid: The Sale is subject to notice to creditors and other parties and shall be subject to higher and better bid through and including the hearing on the Approval Motion, pursuant to sale and overbid procedures determined in the Seller's sole discretion and subject to Bankruptcy Court approval. Initial overbid will be \$20,000 and thereafter in minimum \$1,000 increments.
11. Brokers and Commissions: The Buyer is represented by Realty Executives Experts, CABRE #01519644 ("REE") and the Seller is represented by Keller Williams Realty and KW Commercial, CABRE #01854035 ("KWR & KWC"). Subject to Court approval, the Seller shall pay commission as follows, through escrow: Ten percent (10%) total of the Purchase Price: 2.5% to CFL, 3.75% to KWR%, 3.75% to KWC. No commission shall be due and payable except from the cash proceeds of an actual sale of the Property to the Buyer and upon closing of such sale.
12. Seller Right to Terminate: The Seller may decline, at her option and sole discretion, to consummate the Sale for any reason, including without limitation: (a) the dismissal or closure of the Debtor's bankruptcy case; (b) the conversion of the debtor's Chapter 7 bankruptcy case to any other chapter under the Bankruptcy Code; (c) the inability to subordinate any liens on the Property to the expenses of administration; (d) the inability to obtain approval of the Sale by the Bankruptcy Court; or (e) the inability to sell the Property on the terms and conditions set forth herein. The Seller reserves the right, in her sole discretion, to determine not to consummate, and to terminate, the sale of the Property by serving a notice of such termination on the Buyer. No liability or obligations shall accrue to the bankruptcy estate or the Seller, either personally or in her capacity as Trustee, as a result of any such termination. The Buyer's sole remedy, in the event that escrow fails to close as a result of Seller's inability to close escrow, shall be a refund of the Deposit in full.



13. Non-Refundability and Forfeiture of Deposit: Except as set forth above in paragraph 12 to this Counteroffer, immediately upon expiration of the Due Diligence Deadline without Buyer's submission of a Notice to Cancel in accordance with paragraph 3 to this Counteroffer, the entirety of the Deposit shall be absolutely non-refundable and forfeited to the Seller. Notwithstanding the immediately preceding sentence, in the event: (a) the Bankruptcy Court enters an order that does not authorize Seller to sell the Property to the Buyer; or (b) the Bankruptcy Court enters an order that authorizes the sale to another bidder and the Buyer is not a backup bidder, Seller shall refund the entire Deposit to the Buyer within ten (10) calendar days following entry of such order of the Bankruptcy Court. In the event the Buyer is overbid and is a backup bidder, Seller shall refund the entire Deposit to the Buyer only if the Sale closes to the winning bidder and within ten (10) calendar days following such closing.

RA


(Buyer's initials)

\_\_\_\_\_ (Buyer's initials)

14. Escrow Instructions: Escrow instructions shall be signed by Buyer and Seller within thirty (30) calendar days after execution of this Counteroffer. In the event that Buyer is unable to close escrow within fifteen (15) calendar days after entry of the Bankruptcy Court's order authorizing the Sale (the "Closing Date"), the Buyer shall compensate the Seller one hundred dollars (\$100.00) per day for each day beyond the Closing date that the Sale does not close for a total extended period of no more than ten (10) calendar days. Thereafter, the Seller shall have absolute discretion to either: (a) provide further extensions of the Closing Date at the same rate of compensation; or (b) terminate the Sale to the Buyer and retain the entirety of the Deposit as liquidated damages.
15. Bankruptcy Court Jurisdiction: The Bankruptcy Court for the Central District of California, Riverside Division ("Court"), shall have jurisdiction to interpret and enforce the terms of this Counteroffer/agreement. This Counteroffer/agreement shall be construed pursuant to the laws of the State of California, except to the extent preempted by applicable Federal bankruptcy law.
16. Expiration of Offer: This Counteroffer shall expire, if not executed by Buyer and delivered to Seller's agent, W Darrow Fiedler, CABRE #00676445, of Keller Williams Realty / KW Commercial, on or before 2:00 p.m. PDT, Tuesday, June 7, 2016.

17. Multiple Offers: Buyer recognizes that multiple offers and/or counteroffers (in addition to the instant Counteroffer) may be pending and Seller reserves the right, per Paragraph 12, to choose which contract to submit to the Bankruptcy Court for approval

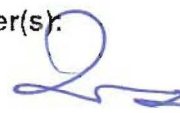
**Seller:**

  
\_\_\_\_\_  
Lynda T. Bui, Solely in her Capacity as Chapter 7 Trustee  
for the Bankruptcy Estate of James Andrew Gonzales and  
Estela Ortega Gonzales

6-2-16  
\_\_\_\_\_  
Date

**Read, Understood, Agreed To and Accepted:**

**Buyer(s):**

  
\_\_\_\_\_  
Heydar Arsalan Rad - Buyer

6/2/16  
\_\_\_\_\_  
Date

None - Buyer

  
\_\_\_\_\_  
Sam Ali (Syed Saidi) (CABRE #01225312) - Buyer's Agent

\_\_\_\_\_  
Date

06/03/2016

\_\_\_\_\_  
Date